

# BLUE CRANE ROUTE MUNICIPALITY(EC102)

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Annual Financial Statements for the  
year ended 30 June 2018

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# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## General Information

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<b>Legal form of entity</b>	Local Municipality
<b>Grade</b>	2
<b>Nature of business and principal activities</b>	Local Government. Principal activities inline with the Constitution of South Africa, Schedule 4 B and 5 B
<b>The following is included in the scope of operation</b>	Service Delivery
<b>Council members</b>	
<b>Mayor</b>	BA Manxoweni
<b>Councillors</b>	A Hufkie M Kwatshu P Sonkwala J Martin T Xakaxa F Brown C Du Plessis KC Brown NP Nkonyeni T Grootboom
<b>Accounting Officer</b>	T Klaas
<b>Chief Finance Officer (CFO)</b>	NB Delo
<b>Registered office</b>	67 Nojoli Street Somerset East 5850
<b>Postal address</b>	P.O. Box 21 Somerset East 5850
<b>Auditors</b>	Auditor General South Africa
<b>Bankers</b>	First National Bank
<b>Attorneys</b>	Not appointed

# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## Index

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The reports and statements set out below comprise the annual financial statements presented to the Council.

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 9
Accounting Policies	10 - 39
Notes to the Annual Financial Statements	40 - 76
Deviation Register	Annexure "A"

## Abbreviations

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
mSCOA	Municipal Standard Chart Of Accounts
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
SBDM	Sarah Baartman District Municipality
MIG	Municipal Infrastructure Grant
WSIG	Water Services Infrastructure Grant
FMG	Financial Management Grant
EPWP	Expanded Public Works Program
INEP	Integrated National Electrification Program

## Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

### Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) And the Municipal Finance Management Act (MFMA) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the Chief Financial Officer.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on the following pages have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018 and were signed by him.

The accounting officer hereby certify as required by Section 124(1)(a) of the Municipal Finance Management Act (Act 56 of 2003) that the salaries, allowances and benefits of political office-bearers and councillors of the Blue Crane Route Municipality, whether financial or in kind, are within the upper limits of the framework envisaged in section 219 of the Constitution.

  
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**Thabiso Klaas**  
**Accounting Officer**  
31 August 2018

# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## STATEMENT OF FINANCIAL POSITION

	Notes	2018 R	2017 R (Restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Other financial assets	4	3 419	3 253
Inventories	6	1 034 719	958 287
Other receivables from exchange transactions	7	1 079 627	1 051 029
Other receivables from non-exchange transactions	8	5 131 321	6 414 873
Trade receivables from exchange transactions	9	23 917 276	22 444 353
Cash and cash equivalents	10	1 222 562	6 928 628
		<b>32 388 924</b>	<b>37 800 423</b>
<b>Non-current assets</b>			
Investment property carried at cost	11	25 323 269	25 391 518
Property, plant and equipment	12	566 070 808	572 921 445
Intangible assets	13	-	2 238
Heritage assets	14	458 067	458 067
Other financial assets	4	2 982	6 401
		<b>591 855 126</b>	<b>598 779 669</b>
<b>Total assets</b>		<b>624 244 050</b>	<b>636 580 092</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Employee benefit obligation	15	1 432 432	1 258 474
Other financial liabilities	16	3 510 272	3 228 932
Finance lease obligation	17	1 409 534	858 589
Unspent conditional grants and receipts	18	1 982 972	4 197 603
Payables from exchange transactions	20	24 263 121	23 796 062
Trade and other payables from non-exchange	21	422 345	55 700
VAT payable	22	2 457 954	3 053 143
Consumer deposits	23	2 578 763	2 421 026
		<b>38 057 393</b>	<b>38 869 529</b>
<b>Non-current liabilities</b>			
Employee benefit obligation	15	25 507 661	24 419 218
Other financial liabilities	16	4 672 935	8 134 684
Finance lease obligation	17	1 236 799	1 429 629
Provisions	19	21 353 969	25 926 519
		<b>52 771 364</b>	<b>59 910 050</b>
<b>Total liabilities</b>		<b>90 828 757</b>	<b>98 779 579</b>
<b>Net assets</b>		<b>533 415 293</b>	<b>537 800 513</b>
<b>Accumulated surplus</b>		<b>533 415 293</b>	<b>537 800 513</b>

# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## STATEMENT OF FINANCIAL PERFORMANCE

		2018 R	2017 R (Restated)
	Notes		
<b>Revenue (Re-classified as per mSCOA)</b>			
Property rates	26	12 098 426	11 152 026
Service charges	27	105 391 913	111 774 047
Rental of facilities and equipment	25	468 326	260 849
Interest earned - outstanding debtors	25	3 882 997	3 847 706
Interest earned - external investments	28	1 140 337	1 281 204
Agency Services	25	1 053 871	885 336
Fines	25	55 479	71 800
Licences and permits	25	565 926	831 847
Transfers and Subsidies	29	83 919 158	73 376 019
Gains on disposal of PPE	25		65 416
Other income	30	2 260 524	3 666 444
Fair Value Adjustments: Landfill site	19	4 572 550	
<b>Total revenue</b>		<b>215 409 507</b>	<b>207 212 694</b>
<b>Expenditure (Re-classified as per mSCOA)</b>			
Employee related costs	31	76 110 727	74 179 519
Remuneration of councillors	32	3 870 463	3 466 515
Debt Impairment	33	8 990 907	13 413 398
Depreciation and asset impairments/amortisation	12/13	36 296 706	36 326 106
Finance costs	34	1 333 742	4 024 008
Bulk purchases	35	71 873 249	74 856 791
Contracted services	36	6 533 430	5 204 296
Inventory consumed		2 535 218	3 525 512
Transfers and Subsidies	37	1 010 018	769 470
Operational Cost	38	12 563 341	14 282 927
Loss on disposal of PPE		148 407	
<b>Total expenditure</b>		<b>221 266 208</b>	<b>230 048 542</b>
Actuarial (Loss) /gain	15	1 471 481	1 192 041
<b>Surplus / (deficit) for the year</b>		<b>(4 385 220)</b>	<b>(21 643 807)</b>

**\*\*See Note 55 for mSCOA re-classifications and prior period errors for 2017**

# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## STATEMENT OF CHANGES IN NET ASSETS

	Notes	R	R
		Accumulated Surplus/(Deficit)	Total: Net Assets
<b>Opening balance as previously reported (2017)</b>		<b>558 874 814</b>	558 874 814
Adjustments:			
Prior period adjustments (2017 and earlier)	44	569 506	569 506
<b>Balance at 1 July 2017 as restated</b>		<b>559 444 320</b>	559 444 320
Changes in net assets			
Deficit for the year		(21 643 807)	(21 643 807)
<b>Balance at 30 June 2017 as restated</b>		<b>537 800 513</b>	537 800 513
<b>Opening balance as previously reported (2017)</b>		<b>536 886 204</b>	536 886 204
Prior period adjustments (2016 and earlier)	44	914 309	914 309
<b>Balance at 1 July 2017 as restated</b>		<b>537 800 513</b>	537 800 513
Changes in net assets			
Deficit for the year		(4 385 220)	(4 385 220)
<b>Balance at 30 June 2018</b>		<b>533 415 293</b>	<b>533 415 293</b>

# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## CASH FLOW STATEMENT

		2018 R	2017 R (Restated)
	Notes		
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sales of goods and services		110 744 490	110 767 526
Grants		81 704 527	70 780 550
Interest received		1 126 745	1 251 250
Other receipts		6 108 732	4 010 177
		<b>199 684 494</b>	<b>186 809 503</b>
<b>Payments</b>			
Employee costs		(72 782 980)	(73 303 740)
Remuneration of councillors		(3 870 463)	(3 480 647)
Suppliers		(19 586 767)	(25 551 051)
Bulk purchases		(71 660 191)	(66 965 109)
Interest paid		(1 057 454)	(1 404 356)
Other payments		(3 813 387)	(2 308 204)
		<b>(172 771 242)</b>	<b>(173 013 107)</b>
<b>Net cash flows from operating activities</b>	40	<b>26 913 252</b>	<b>13 796 396</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(29 658 155)	(16 465 760)
Nett proceeds on disposal of assets and liabilities		134 170	408 278
Proceeds from Other financial assets	4	3 253	3 095
<b>Net cash flows from investing activities</b>		<b>(29 520 732)</b>	<b>(16 054 387)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			
Repayment of other financial liabilities		(3 180 409)	(3 496 524)
Finance lease received		1 460 204	
Finance lease payments		(1 378 381)	(1 429 432)
<b>Net cash flows from financing activities</b>		<b>(3 098 586)</b>	<b>(4 925 956)</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>(5 706 066)</b>	<b>(7 183 947)</b>
<b>Cash Balance transferred from Dev Agency</b>			
<b>Net cash and cash equivalents at beginning of period</b>		<b>6 928 628</b>	<b>14 112 575</b>
<b>Net cash and cash equivalents at end of period</b>	10	<b>1 222 562</b>	<b>6 928 628</b>



# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
<b>Statement of Financial Position</b>						
Total current assets		30 153 500	11 010 540	<b>41 164 040</b>	32 388 924	<b>8 775 116</b>
Total non-current assets		631 582 607	(35 960 660)	<b>595 621 947</b>	591 855 126	<b>3 766 821</b>
Total current liabilities		(18 610 273)	500 000	<b>(18 110 273)</b>	(38 057 393)	<b>19 947 120</b>
Total non-current liabilities		(53 602 562)	(4 426 000)	<b>(58 028 562)</b>	(52 771 364)	<b>(5 257 198)</b>
<b>Net Assets</b>		<b>589 523 272</b>	<b>(28 876 120)</b>	<b>560 647 152</b>	<b>533 415 293</b>	<b>27 231 859</b>

## Statement of Financial Performance

<b>Revenue</b>						
Property rates	51	12 254 010		<b>12 254 010</b>	12 099 262	<b>154 748</b>
Service charges	51	120 708 670	(784 200)	<b>119 924 470</b>	114 637 658	<b>5 286 812</b>
Interest earned - external investments		1 000 750		<b>1 000 750</b>	1 140 337	<b>(139 587)</b>
Interest earned - outstanding debtors		3 276 000	629 000	<b>3 905 000</b>	3 882 997	<b>22 003</b>
Rental of facilities and equipment		243 600	289 480	<b>533 080</b>	468 326	<b>64 754</b>
Fines		90 000	(9 000)	<b>81 000</b>	55 479	<b>25 521</b>
Licences and permits		750 000	(150 000)	<b>600 000</b>	565 926	<b>34 074</b>
Agency services		890 000	(290 000)	<b>600 000</b>	1 053 871	<b>(453 871)</b>
Transfers and Subsidies		84 810 400	2 567 230	<b>87 377 630</b>	83 919 158	<b>3 458 472</b>
Gains on disposal of PPE		170 000	30 000	<b>200 000</b>	-	<b>200 000</b>
Other Income		5 684 180	(3 379 780)	<b>2 304 400</b>	8 304 555	<b>(6 000 155)</b>
<b>Total Revenue</b>		<b>229 877 610</b>	<b>(1 097 270)</b>	<b>228 780 340</b>	<b>226 127 569</b>	<b>2 652 771</b>
<b>Expenditure</b>						
Employee related costs		78 417 300	(3 367 840)	<b>75 049 460</b>	76 110 727	<b>(1 061 267)</b>
Remuneration of councillors		3 713 610	145 800	<b>3 859 410</b>	3 870 463	<b>(11 053)</b>
Debt impairment		7 965 000	-	<b>7 965 000</b>	8 990 907	<b>(1 025 907)</b>
Depreciation & asset impairment		34 448 500	3 084 000	<b>37 532 500</b>	36 296 706	<b>1 235 794</b>
Finance charges		5 708 350	(1 897 520)	<b>3 810 830</b>	1 333 742	<b>2 477 088</b>
Bulk Purchases		76 634 050	500 000	<b>77 134 050</b>	71 873 249	<b>5 260 801</b>
Other material/Inventory consumed		3 708 730	(489 040)	<b>3 219 690</b>	2 535 218	<b>684 472</b>
Contracted services		4 983 110	2 732 710	<b>7 715 820</b>	6 533 430	<b>1 182 390</b>
Transfers and Subsidies		1 033 000	605 000	<b>1 638 000</b>	1 010 018	<b>627 982</b>
Other expenditure	51	22 804 080	1 232 240	<b>24 036 320</b>	21 958 329	<b>2 077 991</b>
<b>Total expenditure</b>		<b>239 415 730</b>	<b>2 545 350</b>	<b>241 961 080</b>	<b>230 512 789</b>	<b>11 448 291</b>
<b>Actual Amount on Comparable Basis as Presented in the Budget And Actual Comparative Statement</b>		<b>(9 538 120)</b>	<b>(3 642 620)</b>	<b>(13 180 740)</b>	<b>(4 385 220)</b>	<b>(8 795 520)</b>

*Refer to note 53 for explanations for material variances between final budget and actual amounts as well as note 54 for differences between the final budget and the original budget*

# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<u>Receipts</u>						
Ratepayers and other		108 647 638	3 833 528	<b>112 481 166</b>	110 744 490	<b>1 736 676</b>
Other Revenue		24 100 095	4 419 018	<b>28 519 113</b>	5 950 995	<b>22 568 118</b>
Government - operating		52 110 980	(1 230 980)	<b>50 880 000</b>	50 962 232	<b>(82 232)</b>
Government - capital		30 771 200	-	<b>30 771 200</b>	30 742 295	<b>28 905</b>
Interest		3 389 772	(2 419 772)	<b>970 000</b>	1 126 745	<b>(156 745)</b>
<u>Payments</u>						
Suppliers and employees		(186 764 960)	(16 764 961)	<b>(203 529 921)</b>	(170 703 770)	<b>(32 826 151)</b>
Finance charges		(1 508 420)	503 580	<b>(1 004 840)</b>	(1 057 454)	<b>52 614</b>
Transfers and Grants		(1 033 000)	333 000	<b>(700 000)</b>	(1 010 018)	<b>310 018</b>
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>29 713 305</b>	<b>(11 326 587)</b>	<b>18 386 718</b>	<b>26 755 515</b>	<b>(8 368 797)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<u>Receipts</u>						
Proceeds on disposal of PPE		70 000	70 000	<b>140 000</b>	134 170	<b>5 830</b>
Decrease (Increase) in non-current debtors					3 253	<b>(3 253)</b>
<u>Payments</u>						
Capital assets		(27 282 290)	(1 677 710)	<b>(28 960 000)</b>	(29 658 155)	<b>698 155</b>
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(27 212 290)</b>	<b>(1 607 710)</b>	<b>(28 820 000)</b>	<b>(29 520 732)</b>	<b>700 732</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<u>Receipts</u>						
Borrowing long term/finance lease					1 460 204	<b>(1 460 204)</b>
Increase (decrease) in consumer deposits		225 000	(2 250)	<b>222 750</b>	157 737	<b>65 013</b>
<u>Payments</u>						
Repayment of borrowing		(3 510 000)	(601 000)	<b>(4 111 000)</b>	(4 558 790)	<b>447 790</b>
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(3 285 000)</b>	<b>(603 250)</b>	<b>(3 888 250)</b>	<b>(2 940 849)</b>	<b>(947 401)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(783 985)</b>	<b>(13 537 547)</b>	<b>(14 321 532)</b>	<b>(5 706 066)</b>	<b>(8 615 466)</b>
Cash/cash equivalents at the year begin:		1 000 000	5 928 628	<b>6 928 628</b>	6 928 628	-
Cash/cash equivalents at the year end:		<b>216 015</b>	<b>(7 608 919)</b>	<b>(7 392 904)</b>	<b>1 222 562</b>	<b>(8 615 466)</b>

## **ACCOUNTING POLICIES**

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### **1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below.

These accounting policies are consistent with those applied in the preparation of the prior year financial statements, unless specified otherwise. Details on any changes in accounting policies are provided in note Changes in accounting policy.

#### **1.1. Presentation of currency**

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The figures in the annual financial statement are rounded to the nearest Rand value.

#### **1.2. Going concern**

These annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

#### **1.3. Budget information**

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts.

The approved budget is prepared on an accrual basis.

The approved budget covers the fiscal period from 2017/07/01 to 2018/06/30.

#### **1.4. Comparative figures**

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are

## **ACCOUNTING POLICIES**

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restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior years.

The nature and reasons for the reclassifications and restatements are disclosed in note 42 to the financial statements.

### **1.5. Offsetting**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

### **1.6. Significant judgements and sources of estimation uncertainty**

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future periods.

#### **Judgements**

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the annual financial statements.

#### **Estimates**

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

#### **Inventory**

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

#### **Impairments of non-financial assets**

In determining the value-in-use of non-financial assets, management is required to rely on the use of

## **ACCOUNTING POLICIES**

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estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

### **Provisions**

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

### **Pension and other post-employment benefits**

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### **Effective interest rate**

The municipality used the prime interest rate to discount future cash flows.

### **Allowance for doubtful debts**

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

### **Provision for rehabilitation of refuse landfill sites**

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation

## **ACCOUNTING POLICIES**

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cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value using an appropriate discounting rate, representing the time value of money.

### **Depreciation and amortisation**

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

#### **1.7. Property, plant and equipment**

##### **Initial recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the cost of dismantling and removing the asset and restoring the site on which it is operated.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and servicing equipment which are expected to be used for more than one period

## **Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2018

### **ACCOUNTING POLICIES**

---

are included in property, plant and equipment. In addition, spare parts and servicing equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

#### **Subsequent measurement**

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

#### **Subsequent expenditure**

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

#### **Depreciation**

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

The annual depreciation rates are based on the following estimated useful lives:

<b>Item</b>	<b>Average useful life</b>
Land (PPE)	Indefinite
Buildings	30 - 60 years
Plant	5 – 15 years
Furniture and fixtures	5 – 15 years
Motor vehicles	5 – 20 years
Office equipment	3 – 10 years
Other equipment	3 – 10 years
Infrastructure	5 – 80 years

#### **Impairments**

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

## **ACCOUNTING POLICIES**

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An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

### **Derecognition**

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.8. Investment property**

#### **Initial Recognition**

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

#### **Cost Model**

Investment property is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:



## Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

### ACCOUNTING POLICIES

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Item	Useful life
Property – land	indefinite
Property – buildings	30 years.

#### Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

#### Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

#### Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

#### 1.9. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and the cost or fair value of the asset can be measured reliably.

An internally generated intangible asset is subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- ☐ the entity intends to complete the intangible asset, for use or sale
- ☐ it is technically feasible to complete the intangible asset

## **ACCOUNTING POLICIES**

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- ☐ the entity has the resources to complete the project
- ☐ it is probable that it will generate future economic benefits or service potential.
- ☐ the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

### **Subsequent measurement**

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

For all other intangible assets amortisation is provided on a straight line basis over their useful life. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

### **Amortisation and impairment**

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years
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### **Impairments**

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down

## **Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2018

### **ACCOUNTING POLICIES**

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immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

#### **Derecognition**

Intangible assets are derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### **1.10. Heritage Assets**

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives.

#### **Initial Recognition**

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### **Subsequent measurement**

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

#### **Impairments**

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### **Transfers**

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

## **ACCOUNTING POLICIES**

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### **Derecognition**

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### **1.11. Financial instruments**

#### **Initial recognition**

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument meets the relevant definitions.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

#### **Initial measurement**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **Subsequent measurement**

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) Financial instruments at fair value:

- ☐ derivatives;
- ☐ combined instruments that are designated at fair value;
- ☐ instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;

## **ACCOUNTING POLICIES**

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- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost:

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates, at fair value, at initial recognition or, are held for trading.

c) Financial instruments at cost:

Investments in residual interest, which do not have quoted market prices, and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

### **Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

### **Impairments**

All financial assets measured at cost or amortised cost are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of

## **ACCOUNTING POLICIES**

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the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### **Derecognition**

#### **Financial assets**

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- ☐ the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- ☐ the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- ☐ the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

#### **Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

## **ACCOUNTING POLICIES**

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The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### **Policies relating to specific financial instruments**

#### **Investments at amortised cost**

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

#### **Cash and cash equivalents**

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

#### **Trade and other receivables**

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

#### **Trade and other payables**

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to

## **ACCOUNTING POLICIES**

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the acquisition and are subsequently measured at amortised cost.

### **Other financial assets**

These include loans receivable and initially measured at fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at amortised cost.

### **1.12. Leases**

#### **Finance leases - lessee**

##### **Initial recognition**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

##### **Subsequent measurement**

Subsequent to initial recognition the finance lease liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

#### **Operating leases - lessor**

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease.



## **ACCOUNTING POLICIES**

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Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability.

An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in the statement of financial performance.

### **Operating leases - lessee**

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### **1.13. Inventories**

#### **Initial recognition and measurement**

Inventories are initially measured at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their required location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### **Subsequent measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement

## **ACCOUNTING POLICIES**

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cost.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

### **Derecognition**

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **1.14 Impairment of cash-generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

#### **Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

## **ACCOUNTING POLICIES**

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### **Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

### **Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

### **Recognition and measurement**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

## **ACCOUNTING POLICIES**

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An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

### **Reversal of impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

## **ACCOUNTING POLICIES**

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### **1.15. Employee benefits**

#### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

#### **Post-employment benefits**

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

#### **Defined contribution plans**

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

#### **Post-retirement Medical Obligations**

The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

The entitlement to post-retirement medical benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations, in accordance with GRAP 25 - "Employee Benefits". The plan is unfunded.

The contributions are recognised in the statement of financial performance when the employees have

## **ACCOUNTING POLICIES**

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rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method.

The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value of the plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of minimum funding requirements. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries, and are recognised in the Statement of Financial Performance upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### **1.16. Provisions and contingencies**

Provisions are recognised when:

- a) the municipality has a present obligation as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- c) a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

## **ACCOUNTING POLICIES**

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### **1.17. Revenue from exchange transactions**

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

#### **Recognition**

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

#### **Specific exchange revenue sources**

Service charges relating to electricity and water are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high- tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

## **ACCOUNTING POLICIES**

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Rental income arising on facilities and equipment is accounted for on a straight-line basis over the lease terms on on-going leases.

License fees and permits are recognised in accordance with the substance of the agreements entered into.

### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and rebates.

#### **1.18. Revenue from non-exchange transactions**

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

### **Recognition**

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount and once all the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Grants, transfers and donations received or receivable are recognised when the resources that have



## **ACCOUNTING POLICIES**

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been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

### **Measurement**

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

### **1.19. Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.20. Unauthorised expenditure**

Unauthorised expenditure means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003), and includes:

- a) overspending of the total amount appropriated in the municipality's approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- f) a grant by the municipality otherwise than in accordance with this Act;

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## **ACCOUNTING POLICIES**

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### **1.21. Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.22. Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.23. Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and other entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### **1.24. Taxes - Value added tax**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

## **ACCOUNTING POLICIES**

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### **1.25. Capital commitments**

Capital commitments disclosed in the financial statements represents the contractual balance committed to the capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### **1.26. Consumer deposits**

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in-line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

## **2. Post-reporting date events**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

## **3. New standards and Interpretations**

### **3.1 Standards and Interpretations issued, but not yet effective**

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

GRAP 18 Segmental Reporting – Issued February 2011

GRAP 20 Related Party Disclosures - Issued June 2011

GRAP 32 Service Concession Arrangements - Issued August 2013

## **Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2018

### **ACCOUNTING POLICIES**

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GRAP 34 Separate Financial Statements - Issued March 2017

GRAP 35 Consolidated Financial Statements - Issued March 2017

GRAP 36 Investments in Associates and Joint Ventures - Issued March 2017

GRAP 37 Joint Arrangements - Issued March 2017

GRAP 38 Disclosure of Interests in Other Entities - Issued March 2017

GRAP 108 Statutory receivables - Issued September 2013

GRAP 109 Accounting by principals and agents - Issued July 2015

#### **GRAP 18 Segmental Reporting**

This standard requires the municipality to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.

#### **GRAP 20 Related Party Disclosures**

This standard requires the disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity.

The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

#### **GRAP 32 Service Concession Arrangements: Grantor**

The objective of the standard is to prescribe the accounting for service concession arrangements by the grantor, a public entity. The municipality must assess whether it is a grantor i.e. has granted the right to use the service concession asset to the operator. This standard then requires the municipality to recognise an asset provided by the operator and an upgrade to an existing asset of the grantor as a service concession asset if (a) the grantor controls or regulates what services the operator must provide with the asset, to whom it must be provided and at what price, and (b) the grantor controls through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement. Where a service concession asset is recognised, the grantor shall also recognise a liability at the same amount as the service concession asset.

The precise impact of this on the financial statements of the municipality is still being assessed but it is not expected to be significant. This standard does not yet have an effective date.

## **ACCOUNTING POLICIES**

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### **GRAP 34 Separate Financial Statements**

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

There will be no impact as the municipality does not have investments in controlled entities, joint ventures and associates. This standard does not yet have an effective date.

### **GRAP 35 Consolidated Financial Statements**

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet the objective, this Standard:

- (a) requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- (b) defines the principle of control, and establishes control as the basis for consolidation;
- (c) sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- (d) sets out the accounting requirements for the preparation of consolidated financial statements; and
- (e) defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

There will be no impact as the municipality is not required to consolidate financial statements. This standard does not yet have an effective date.

### **GRAP 36 Investments in Associates and Joint Ventures**

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

There will be no impact as the municipality does not have Investments in Associates and Joint Ventures. This standard does not yet have an effective date.

### **GRAP 37 Joint Arrangements**

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements). To meet the objective, this Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

The impact of this on the financial statements is not expected to be significant. This standard does not

## **ACCOUNTING POLICIES**

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yet have an effective date.

### **GRAP 38 Disclosure of Interests in Other Entities**

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

The impact of this on the financial statements is not expected to be significant. This standard does not yet have an effective date.

### **GRAP 108 Statutory Receivables**

This standard requires the entity to recognise any receivables that arise from legislation, supporting legislations, or similar means and requires settlement by the entity in cash or another financial asset as statutory receivables. The municipality shall recognise statutory receivables using the standard of GRAP on revenue from exchange transactions if the transaction is an exchange transaction or the standard of GRAP on revenue from non-exchange transactions if it is a non-exchange transaction. Where the transaction is not within the scope of the above, the receivable must be recognised when the definition of an asset is met.

The precise impact of this on the financial statements of the municipality is still being assessed but it is not expected to be significant. This standard does not yet have an effective date.

### **GRAP 109 Accounting by principals and agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.

## **3.2 Interpretations and Directives issued, but not yet effective**

The following interpretations have been issued by the Accounting Standards Board but has not been given an effective date by the Minister of Finance. The entity has not early-adopted this new interpretation, but has referred to it for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

IGRAP 17 Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset - Issued August 2013

## **ACCOUNTING POLICIES**

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IGRAP 18 Interpretation of the Standard of GRAP on Recognition and Derecognition of Land – Issued March 2017

IGRAP 19 Liabilities to Pay Levies – Issued March 2017

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities – Issued August 2015

### **IGRAP 17 – Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset**

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

The impact of this on the financial statements is not expected to be significant. This interpretation does not yet have an effective date

### **IGRAP 18 Interpretation of the Standard of GRAP on Recognition and Derecognition of Land**

The Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as its asset.

The precise impact of this on the financial statements of the municipality is still being assessed but it is expected it will have an impact on Standard of GRAP on Inventories (GRAP 12), Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets (GRAP 103) should the land use change.

### **IGRAP 19 – Liabilities to Pay Levies**

This Interpretation addresses the recognition of a liability to pay a levy if that liability is within the scope of GRAP 19. It also addresses the recognition of a liability to pay a levy whose timing and amount is certain. The measurement of a liability to pay a levy is not addressed in this Interpretation, instead an entity refers to GRAP 19.

The impact of this on the financial statements is not expected to be significant. This interpretation does not yet have an effective date

### **Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities**

There is no impact as they directive only applies to public entities that are not currently applying Standards of GRAP.

**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2018

**ACCOUNTING POLICIES**

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Management has considered all the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>4 Other financial assets</b>		
<b>Amortised cost</b>		
<b>Long term loans</b>	<b>6 401</b>	<b>9 654</b>
This loan is for a sport club and is repayable in monthly instalments over a period of twenty years. It has a fixed interest rate of 5% and will be fully redeemed in April 2020. This loan is not secured		
Opening Balance	9 654	12 749
Interest accrued	409	567
Installments	(3 662)	(3 662)
Closing Balance	<b>6 401</b>	<b>9 654</b>
<b>Non-current assets</b>		
Amortised cost	2 982	6 401
<b>Current assets</b>		
Amortised cost	3 419	3 253
	<b>6 401</b>	<b>9 654</b>

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2018 and 2017, as all the financial assets were disposed of at their redemption date.

**Loans and receivables past due but not impaired**

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2018 - Rnil (2017 - Rnil) were past due but not impaired.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
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**5 Financial assets by category**

The accounting policies for financial instruments have been applied to the line items below:

**2018**

		Financial assets at amortised cost
Other financial assets		6 401
Other receivables from exchange transactions		1 079 627
Other receivables from non-exchange transactions		4 912 311
Cash and cash equivalents		1 222 562
Trade receivables from exchange transactions		23 917 276
		<b>31 138 177</b>

**2017**

		Financial assets at amortised cost
Other financial assets		9 654
Other receivables from exchange transactions		1 051 029
Other receivables from non-exchange transactions		4 665 303
Cash and cash equivalents		6 928 628
Trade receivables from exchange transactions		22 444 353
		<b>35 098 967</b>

**6 Inventories**

Housing in process	55 080	55 080
Consumable stores	806 282	766 675
Water	173 357	136 532
	<b>1 034 719</b>	<b>958 287</b>

Stores issues amounted to R 1 476 231 and R 1 557 605 (2017).

No Inventory write downs were required for the year.

No Inventory were pledged as security.

No amount included in inventory is carried at current replacement cost or NRV.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>7 Other receivables from exchange transactions</b>		
Deposits (Eskom and Fuel)	738 715	725 123
Government Grants and Subsidies	158 842	158 842
Other receivables	41 389	29 933
Incorrect bank debit		1 950
Prepayments - Insurance premiums	170 614	165 114
Provision for bad debts: Other Receivables	(29 933)	(29 933)
	<b>1 079 627</b>	<b>1 051 029</b>
The ageing of other receivables from exchange transactions and not impaired is as follows:		
Current (0-30days)	11 456	1 950
31-60 days		
61-90 days		
91-120 days		165 114
> 121 days	1 068 171	883 965
	<b>1 079 627</b>	<b>1 051 029</b>

**Other receivables pledged as security**

Other receivables were not pledged as security.

Other receivables is a financial assets at amortised cost.

**Credit quality of other receivables from exchange transactions**

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.

Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>8 Other receivables from non-exchange transactions</b>		
Property rates	4 912 311	4 665 303
Other receivables	219 010	1 749 570
	<b>5 131 321</b>	<b>6 414 873</b>
<b>Property rates</b>		
Property rates	7 979 910	7 034 278
Provision for bad debts: Property rates	(3 067 599)	(2 368 975)
	<b>4 912 311</b>	<b>4 665 303</b>
<b>Property rates age analysis</b>		
Current (0-30days)	383 977	382 896
31-60 days	59 313	57 504
61-90 days	705 354	40 198
91-120 days	40 394	34 048
> 121 days	6 790 872	6 519 632
	<b>7 979 910</b>	<b>7 034 278</b>
<b>Credit quality of receivables from non-exchange transactions</b>		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.		
Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		
<b>Allowance for impairment: Property rates</b>		
Impairment balance prior year	(2 368 975)	(2 076 370)
Contributions to provision	(1 362 872)	(296 578)
Debt impairment written off against provision	664 248	3 973
	<b>(3 067 599)</b>	<b>(2 368 975)</b>
<b>Other receivables</b>		
Employees overpayment on backpay	231 831	231 831
Provision for bad debts: Employees overpayment	(231 831)	(231 831)
Legal costs: Santam		1 579 168
Insurance claims	17 121	17 121
Provision for bad debts: Insurance claims	(17 121)	(17 121)
Employee overpayments	61 966	61 891
SARS UIF paid for Councillors	150 674	108 511
Other	6 370	
	<b>219 010</b>	<b>1 749 570</b>
As at 30 June 2018, an amount of R664 248 for interest levied on property rates for Department of Agriculture were impaired and provided for (2017: R3 973)		
The amount of the provision for Property Rates bad debts was R 3 067 599 as at 30 June 2018 (2017: R 2 368 975).		
The amount of the provision for other receivables was R248 952 as at 30 June 2018 (2017: R248 952)		
Other receivables from non-exchange transactions is a financial assets at amortised cost.		
Other receivables from non-exchange transactions were not pledged as security.		
<b>Other receivables from non-exchange transactions past due but not impaired</b>		
The ageing of amounts for property rates past due but not impaired is as follows:		
1 month past due	205 153	284 078
2 months past due	59 937	55 868
3 months past due	702 785	37 915
Older than 3 months	3 806 818	4 201 798
	<b>4 774 693</b>	<b>4 579 659</b>
<b>Other receivables from non-exchange transactions past due but not impaired</b>		
1 month past due	6 370	1 579 168
2 months past due		
3 months past due		
Older than 3 months	212 640	170 402
	<b>219 010</b>	<b>1 749 570</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>9 Trade receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	17 435 212	18 449 418
Water	15 170 686	13 889 104
Sanitation	2 106 465	1 853 112
Sewerage	6 151 312	5 455 647
Refuse	11 196 336	9 905 456
Other	1 784 875	1 317 094
	<b>53 844 886</b>	<b>50 869 831</b>
<b>Trade receivables pledged as security</b>		
Trade receivables were not pledged as security.		
Trade receivables is a financial assets at amortised cost.		
<b>Less: Allowance for impairment</b>		
Electricity	(2 751 092)	(3 945 869)
Water	(10 672 640)	(10 035 351)
Sanitation	(1 709 000)	(1 621 742)
Sewerage	(4 515 845)	(4 059 521)
Refuse	(8 652 261)	(7 725 008)
Other	(1 626 772)	(1 037 987)
	<b>(29 927 610)</b>	<b>(28 425 478)</b>
<b>Net balance</b>		
Electricity	14 684 120	14 503 549
Water	4 498 046	3 853 753
Sanitation	397 465	231 370
Sewerage	1 635 467	1 396 126
Refuse	2 544 075	2 180 448
Other	158 103	279 107
	<b>23 917 276</b>	<b>22 444 353</b>
<b>Electricity</b>		
Current (0 -30 days)	9 843 258	9 893 779
31 - 60 days	1 407 310	1 543 048
61 - 90 days	622 120	880 200
91 - 120 days	875 282	686 055
>121 days	4 687 242	5 446 336
	<b>17 435 212</b>	<b>18 449 418</b>
<b>Water</b>		
Current (0 -30 days)	2 260 020	1 888 972
31 - 60 days	407 388	514 003
61 - 90 days	299 874	321 243
91 - 120 days	285 328	350 218
>121 days	11 918 076	10 814 668
	<b>15 170 686</b>	<b>13 889 104</b>
<b>Sanitation</b>		
Current (0 -30 days)	45 525	42 142
31 - 60 days	17 888	16 074
61 - 90 days	17 473	15 414
91 - 120 days	17 462	15 032
>121 days	2 008 117	1 764 450
	<b>2 106 465</b>	<b>1 853 112</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>9 Trade receivables from exchange transactions (continued)</b>		
<b>Sewerage</b>		
Current (0 -30 days)	745 847	652 092
31 - 60 days	178 519	154 327
61 - 90 days	138 910	119 486
91 - 120 days	127 235	110 861
>121 days	4 960 801	4 418 881
	<b>6 151 312</b>	<b>5 455 647</b>
<b>Refuse</b>		
Current (0 -30 days)	1 057 193	917 944
31 - 60 days	258 364	229 367
61 - 90 days	216 924	190 991
91 - 120 days	202 040	180 176
>121 days	9 461 815	8 386 978
	<b>11 196 336</b>	<b>9 905 456</b>
<b>Other</b>		
Current (0 -30 days)	80 151	55 902
31 - 60 days	23 225	17 179
61 - 90 days	38 920	26 917
91 - 120 days	60 993	25 083
>121 days	1 581 586	1 192 013
	<b>1 784 875</b>	<b>1 317 094</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	14 031 994	13 450 831
31 - 60 days	2 292 694	2 473 998
61 - 90 days	1 334 221	1 554 251
91 - 120 days	1 568 340	1 367 425
>121 days	34 617 637	32 023 326
	53 844 886	50 869 831
	(29 927 610)	(28 425 478)
	<b>23 917 276</b>	<b>22 444 353</b>
Less: Allowance for impairment		
<b>Reconciliation of debt impairment provision</b>		
Balance at beginning of the year	(28 425 478)	(22 928 583)
Contributions to provision	(3 964 648)	(8 587 056)
Debt relief project		690 106
Debt impairment written off against provision	2 462 516	2 400 055
	<b>(29 927 610)</b>	<b>(28 425 478)</b>
<b>Fair value of trade receivables from exchange transactions</b>		
Trade receivables from exchange transactions	<b>23 917 276</b>	<b>22 444 353</b>
The fair value has been determined by using the face value of the outstanding capital.		
<b>Trade receivables impaired</b>		
As at 30 June 2018, consumer debtors of R2 462 516 (2017: R 2 400 055) were impaired and provided for. The amount of the provision was R29 927 610 as at 30 June 2018 (2017: R 28 425 478).		
<b>Trade receivables from exchange transactions past due but not impaired</b>		
The ageing of amounts for exchange transactions past due but not impaired is as follows:		
1 month past due	1 950 075	6 705 249
2 months past due	1 927 674	2 017 495
3 months past due	1 045 863	1 187 369
Older than 3 months	3 117 441	2 398 021
	<b>8 041 053</b>	<b>12 308 134</b>
<b>Credit quality of receivables from exchange transactions</b>		
The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
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**10 Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	3 762	4 330
Bank balances	1 062 444	3 463 897
Short-term deposits	156 356	3 460 401
	<b>1 222 562</b>	<b>6 928 628</b>

No restrictions exist with regard to the use of cash.

**Cash and cash equivalents pledged as collateral**

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

**The municipality had the following bank accounts**

Account number / description

	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA Bank - Fixed deposit - 2053825035	7 500	7 500	7 500	7 500	7 500	7 500
Nedbank - Money market - 1263036023	3 798	4 378	4 751	3 798	4 378	4 751
Nedbank - Fixed deposit - 18312491	4 600	4 600	4 600	4 600	4 600	4 600
Nedbank - Money market - 1263034756	79 516	76 302	73 212	79 516	76 302	73 212
Nedbank - 12 month Fixed deposit - 37881100877			4 000 000			4 236 575
ABSA - Cheque account - 2200000008	193 869	1 004 020	168 788	193 869	1 004 020	168 788
FNB - Cheque account - 62541421046	847 424	2 604 374	1 185 300	868 575	2 459 877	1 281 069
FNB - Call account - 6259597005	60 942	3 367 621	8 334 390	60 942	3 367 621	8 334 390
<b>Total</b>	<b>1 197 649</b>	<b>7 068 795</b>	<b>13 778 541</b>	<b>1 218 800</b>	<b>6 924 298</b>	<b>14 110 885</b>

The municipality has a guarantee at ABSA bank to the value of R6 000 (2017: R6 000) relating to the personal bonds of one municipal employee.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
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**11 Investment property**

	Cost/ Valuation	2018 Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	2017 Accumulated depreciation/ impairment	Carrying Value
	R		R	R		R
Investment property	25 856 099	(532 830)	25 323 269	25 865 145	(473 627)	25 391 518

**Reconciliation of investment property - 2018**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Investment properties: Land	19 476 044	4	(9 050)				19 466 998
Farms	4 613 000						4 613 000
Buildings	1 302 474				(59 203)		1 243 271
	<b>25 391 518</b>		<b>(9 050)</b>		<b>(59 203)</b>		<b>25 323 269</b>

**Reconciliation of investment property - 2017**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Investment properties: Land	19 532 544		(56 500)				19 476 044
Farms	4 613 000						4 613 000
Buildings	1 361 677				(59 203)		1 302 474
	<b>25 507 221</b>		<b>(56 500)</b>		<b>(59 203)</b>		<b>25 391 518</b>

Rental revenue from Investment property: R438 588 (2017: R139 654)

Direct operating expenses arising from investment property that generated rental revenue: Rnil (2017: Rnil)

**Pledged as security**

No investment property have been pledged as security for loans



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R (Restated)
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## 12 Property, plant and equipment

	Cost/ Valuation	2018 Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	2017 Accumulated depreciation/ impairment	Carrying Value
	R	R	R	R	R	R
Land	20 129 272	0	20 129 272	20 129 272		20 129 272
Buildings	152 647 495	(82 150 055)	70 497 440	151 646 033	(78 507 608)	73 138 425
Plant and equipment	1 930 535	(1 187 873)	742 662	1 539 650	(1 042 419)	497 231
Furniture and fixtures	4 527 447	(3 424 650)	1 102 797	4 547 117	(3 001 274)	1 545 843
Motor vehicles	18 744 966	(7 956 024)	10 788 942	18 892 452	(6 045 360)	12 847 092
Office equipment	7 025 550	(4 558 061)	2 467 489	6 161 179	(4 398 979)	1 762 200
Infrastructure	911 905 960	(494 244 227)	417 661 733	904 013 869	(466 120 112)	437 893 757
WIP	35 735 849		35 735 849	17 360 249		17 360 249
Landfill sites	17 994 300	(11 049 676)	6 944 624	17 994 300	(10 246 924)	7 747 376
<b>Total</b>	<b>1 170 641 374</b>	<b>(604 570 566)</b>	<b>566 070 808</b>	<b>1 142 284 121</b>	<b>(569 362 676)</b>	<b>572 921 445</b>

## Reconciliation of Work in Progress (WIP) - 2018

	Opening balance	Additions	Transfers	Total
	R	R	R	R
Infrastructure assets	16 136 287	26 648 497	(7 611 041)	35 173 743
Community assets	345 922	596 214	(625 151)	316 985
Vehicles	119 780		(119 780)	0
PPE - Buildings	758 260	152 037	(665 177)	245 120
<b>Total</b>	<b>17 360 249</b>	<b>27 396 748</b>	<b>(9 021 149)</b>	<b>35 735 848</b>

## Expenditure incurred to repair and maintain property, plant and equipment included in the Statement of Financial Performance

	2018	2017
Repairs and Maintenance/Inventory Consumed <sup>1</sup>	2 517 147	2 917 877

## Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	20 129 272						20 129 272
Buildings	73 138 425	16 000	(298)	1 009 275	(3 336 525)	(329 437)	70 497 440
Plant	497 231	393 340	(2 322)		(145 587)		742 662
Furniture and fixtures	1 545 844	3 156			(446 203)		1 102 797
Motor vehicles	12 847 092	427 614	(253 658)	119 780	(2 226 575)	(125 311)	10 788 942
Office equipment	1 762 201	1 421 297	(17 249)		(698 760)		2 467 489
Infrastructure	437 893 755			7 892 093	(28 124 115)		417 661 733
WIP	17 360 249	27 396 748		(9 021 148)			35 735 849
Landfill sites	7 747 376				(802 752)		6 944 624
<b>Total</b>	<b>572 921 445</b>	<b>29 658 155</b>	<b>(273 527)</b>		<b>(35 780 517)</b>	<b>(454 748)</b>	<b>566 070 808</b>

## Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	20 129 272						20 129 272
Buildings	68 912 817			7 717 359	(3 491 751)		73 138 425
Plant and equipment	667 410	15 484			(185 663)		497 231
Furniture and fixtures	1 944 848	17 270	(6 965)		(409 309)		1 545 844
Motor vehicles	14 772 903	282 927	(174 575)		(2 034 163)		12 847 092
Office equipment	2 206 788	544 347	(104 822)		(884 112)		1 762 201
Infrastructure	444 755 463			20 509 863	(27 371 571)		437 893 755
WIP	29 695 665	15 891 806		(28 227 222)			17 360 249
Landfill sites	9 633 019				(1 885 643)		7 747 376
<b>Total</b>	<b>592 718 185</b>	<b>16 751 834</b>	<b>(286 362)</b>		<b>(36 262 212)</b>		<b>572 921 445</b>

	2018	2017
<b>Assets subject to finance lease (Net carrying amount)</b>		
Vehicles and Plant	1 552 244	2 343 542
Office equipment	1 004 951	
	<b>2 557 195</b>	<b>2 343 542</b>

See note 17 on finance leases for assets held under finance lease.

No property, plant and equipment has been pledged as security for liabilities

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
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**13 Intangible assets**

	Cost/ Valuation	2018 Accumulated amortisation/ impairment	Carrying Value		Cost/ Valuation	2017 Accumulated amortisation/ impairment	Carrying Value
	R	R	R		R	R	R
Computer software	18 765	(18 765)	0	R	18 765	(16 527)	2 238

**Reconciliation of intangible assets - 2018**

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	2 238		0	0	(2 238)	-	0

**Reconciliation of intangible assets - 2017**

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	6 929		0	0	(4 691)	-	2 238

**Other information**

Fully amortised intangible assets still in use

Certain computer software packages (not material to the municipality's operations) with finite useful lives which have been fully depreciated are still in use by the municipality to some extent.

**14 Heritage assets**

	Cost/ Valuation	2018 Accumulated amortisation/ impairment	Carrying Value		Cost/ Valuation	2017 Accumulated amortisation/ impairment	Carrying Value
	R	R	R		R	R	R
	458 067		458 067		458 067		458 067

**Reconciliation of heritage assets - 2018**

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
	458 067		0	0	0	-	458 067

**Reconciliation of heritage assets - 2017**

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
	458 067	-	0	0	0	-	458 067

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R (Restated)
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### 15 Employee benefit obligations

#### 15.1 Post-Employment Medical Aid

##### Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependents receive a subsidy of either 60% or 70%.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same between 60% and 70% subsidy.

All subsidies are subject to a maximum of R 4 218 for the year ending 30 June 2019. The maximum subsidy amount has been assumed to increase in the future at 75% of salary inflation.

##### Principal assumptions

##### **Discount rate**

Grap 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefits payments, current market rates of the appropriate term should be used to discount shorter term payments and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.58% per annum has been used. The corresponding index-linked yield at this term is 3.03%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the Johannesburg stock after the market close on 29 June 2018.

These rates are calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield was taken from the bond yield curve at that component's duration, using an iterative process.

##### **Financial assumptions**

Discount rate	9.58%
Health care cost inflation rate	7.37%
Nett effective discount rate	2.06%

The next contribution rate increase is assumed to occur at 1 January 2019.

##### **Demographic assumptions**

Average retirement age	63 (males)/ 58 (Females)
Continuation of membership at retirement	100%
Proportion assumed married at retirement	70%

##### Accrued liability Values

##### **Carrying value**

Opening Accrued Liability	21 740 725	20 418 161
Service cost	863 456	958 405
Interest cost	2 072 656	1 852 671
Benefits paid	(563 512)	(602 724)
Actuarial gain recognised in the year	(1 457 394)	(885 788)
<b>Closing Accrued Liability</b>	<b>22 655 931</b>	<b>21 740 725</b>

Non-current liabilities	21 868 190	21 017 857
Current liabilities (Estimate of benefits payments expected in the next annual period)	787 741	722 868
	<b>22 655 931</b>	<b>21 740 725</b>

##### **The total liability has increased by 4.3% (or R915 206) since the last valuation**

The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:

Actuarial Gain for the period	(1 457 394)
Contribution to Actuarial Gain:	
Basis changes: Increase in net discount rate	(1 380 328)
Subsidy increases lower than assumed	(213 028)
Actual benefits vesting, lower than expected	(159 357)
Changes to membership profile different from assumed	295 319

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>15.1 Post-Employment Medical Aid (continue)</b>		
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	863 456	958 405
Interest	2 072 656	1 852 671
Benefits paid	(563 512)	(602 724)
<b>Total included in employee related costs</b>	<b>2 372 600</b>	<b>2 208 352</b>
<b>Actuarial Gain recognised in statement of financial performance</b>	<b>(1 457 394)</b>	<b>(885 788)</b>
	<b>915 206</b>	<b>1 322 564</b>
<b>Estimate of contributions expected to be paid to the plan in the next financial year</b>	<b>(787 741)</b>	<b>(722 868)</b>

**Sensitivity analysis on the accrued liability (R millions)**

Assumption	Change	In-service	Continuation	Total	% change
Central Assumptions		12.647	10	23	
Health care inflation	1%	13.870	11	25	0
	-1%	11.271	9	21	0
Discount Rate	1%	10.914	9	20	0
	-1%	14.800	11	26	0
Post-retirement mortality	-1yr	13.003	10	23	0
Average retirement age	-1yr	13.613	10	24	0
Continuation of membership at retirement	-10%	11.418	10	21	0

**Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2018**

Assumption	Change	Current-Service Cost	Interest Cost	Total	% change
Central Assumptions		863 500	2 072 700	2 936 200	
Health care inflation	+1%	949 100	2 242 100	3 191 200	0
	-1%	755 100	1 875 100	2 630 200	0
Discount Rate	+1%	723 700	2 011 500	2 735 200	0
	-1%	1 042 200	2 133 400	3 175 600	0
Post-retirement mortality	-1yr	887 900	2 138 600	3 026 500	0
Average retirement age	-1yr	864 600	2 166 200	3 030 800	0
Continuation of membership at retirement	-10%	781 400	1 960 700	2 742 100	0

**History of liabilities, Assets and Experienced Adjustments (R millions)**

Liability History	30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2018
Accrued liability	16.235	19.562	20	22	23
Fair value of plan asset	0.000	0.000	0	0	0
<b>Surplus/(Deficit)</b>	<b>(16.235)</b>	<b>(19.562)</b>	<b>(20.418)</b>	<b>-22</b>	<b>-23</b>

**History of experience adjustments: Gains and Losses (R millions)**

Experience adjustments	30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2018
Liabilities: (Gain)/Loss	0.346	1.321	(0.086)	2	(0.077)
Assets: Gain/(Loss)	0.000	0.000	0	0	0

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>15.2 Long Service Awards (LSA)</b>		
<b><u>Defined benefit plan</u></b>		
<p>The Municipality offers employees LSA for every five years of service completed, to 45 years of service, inclusive. In the month that each "Completed Service" milestone is reached, the employee is granted a LSA. At 30 June 2018, the Municipality had 305 employees that are entitled to LSA.</p>		
<b><u>Principal assumptions</u></b>		
<b>Discount rate</b>		
<p>Grap 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.</p>		
<p>Consequently, a discount rate of 8.42% per annum has been used. The corresponding liability-weighted index linked yield is 2.72%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 29 June 2018.</p>		
<p>The liability-weighted average term of the total liability is 5.93 years.</p>		
<b>Financial assumptions</b>		
Discount rate	8.42%	
General salary inflation	6.06%	
Nett discount rate	2.23%	
<p>The salaries used in this valuation include an assumed increase on 1 July 2018 of 7.00%. The next contribution rate increase is assumed to occur at 1 July 2019.</p>		
<b><u>Accrued liability Values</u></b>		
<b>Carrying value</b>		
Opening Accrued Liability	3 936 967	3 869 246
Service cost	499 725	514 686
Interest cost	304 937	307 575
Benefit Vestings	(443 380)	(448 287)
Actuarial (gain) / loss recognised in the year	(14 087)	(306 253)
<b>Closing Accrued Liability</b>	<b>4 284 162</b>	<b>3 936 967</b>
Non-current liabilities	3 639 471	3 401 361
Current liabilities (Estimate of benefits payments expected in the next annual period)	644 691	535 606
	<b>4 284 162</b>	<b>3 936 967</b>
<b>The total liability has increased by 9% (or R347 195) since the last valuation</b>		
<p>The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:</p>		
Actuarial (Gain)/Loss for the period	(14 087)	
Contribution to Actuarial (Gain)/Loss:		
Basis changes: Increase in net discount rate	(41 637)	
Salary increases higher than assumed	99 655	
Actual benefits vesting, lower than expected	(92 226)	
Changes to membership profile different from assumed	20 121	
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	499 725	514 686
Interest cost	304 937	307 575
Benefit Vestings	(443 380)	(448 287)
<b>Total included in employee related costs</b>	<b>361 282</b>	<b>373 974</b>
<b>Actuarial Gain recognised in statement of financial performance</b>	<b>(14 087)</b>	<b>(306 253)</b>
	<b>347 195</b>	<b>67 721</b>
<b>Estimate of benefit vestings in the next financial year</b>	<b>(644 691)</b>	<b>(535 606)</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2018	2017
R	R
	(Restated)

**15.2 Long Service Awards (LSA) (Continued)**
**Sensitivity analysis on the accrued liability (R millions)**

Assumption	Change	Liability	% Change
Central Assumptions		4.284	
General salary inflation	1%	4.515	0
	-1%	4.074	0
Discount Rate	1%	4.062	0
	-1%	4.532	0
Average retirement age	-2yr	3.792	0
	2yr	4.858	0
Withdrawal rates	-50%	4.653	0

**Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2018**

Assumption	Change	Current-Service Cost	Interest Cost	Total	% change
Central Assumptions		499 700	304 900	804 600	
General salary inflation	1%	536 000	322 700	858 700	0
	-1%	467 100	288 700	755 800	0
Discount Rate	1%	470 000	322 600	792 600	0
	-1%	533 300	284 900	818 200	0
Average retirement age	-2yr	461 900	265 400	727 300	0
	2yr	552 400	349 400	901 800	0
Withdrawal rates	-50%	571 800	333 200	905 000	0

**History of liabilities, Assets and Experienced Adjustments (R millions)**

Liability History	30/06/2016	30/06/2017	30/06/2018
Accrued liability	3.869	3.937	4
Fair value of plan asset	0.000	0.000	0
<b>Surplus/(Deficit)</b>	<b>(3.869)</b>	<b>(3.937)</b>	<b>(4.284)</b>

**History of experience adjustments: Gains and Losses (R millions)**

Experience adjustments	30/06/2017	30/06/2018
Liabilities: (Gain)/Loss	(0.128)	0.028
Assets: Gain/(Loss)	0.000	0.000

**Total Employee benefit obligations**

Post-Employment Medical Aid  
Long Service Awards

22 655 931	21 740 725
4 284 162	3 936 967
<b>26 940 093</b>	<b>25 677 692</b>

Non-current liabilities  
Current liabilities

25 507 661	24 419 218
1 432 432	1 258 474
<b>26 940 093</b>	<b>25 677 692</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>16 Other financial liabilities</b>		
<b>Held at amortised cost</b>		
Standard Bank	2 195 827	2 779 316
Absa Bank loans	5 987 380	8 584 300
	<b>8 183 207</b>	<b>11 363 616</b>
<p>A loan from ABSA was taken up on 5 June 2015 for R13 000 000 at a fixed interest rate of 9.62%. Installments of R1 675 282 will be semi-yearly payable for 5 years. The last installment is payable on 31 May 2020. This loan will be funded from the MIG allocations.</p> <p>On 30 June 2016, a loan of R3 300 000 was also taken up from Standard Bank for the financing of vehicles purchased during the year at a fixed interest rate of 11.55%. Installments of R443 645 will be semi-yearly payable over five years. The last installment will be payable on 31 December 2020.</p> <p>No defaults or breaches or re-negotiations of the terms and conditions occurred during the year.</p> <p>The ABSA Bank loan has the following covenants applicable for the R13 000 000 loan:</p> <ol style="list-style-type: none"> <li>1. Consumer debtor's collection rate to be maintained at &gt;65%,</li> <li>2. Net cash from operating activities to interest bearing debt not to deteriorate below 60%, and</li> <li>3. Total interest bearing debt to annual operating revenue not to exceed 40%.</li> </ol> <p>The Standard Bank loan is not secured, but the following covenants are also applicable for the R3 300 000 loan:</p> <ol style="list-style-type: none"> <li>1. Debt to Revenue ratio: to be maintained at a level that is less than or equal to 50%.</li> <li>2. Billings to collection rate to be maintained at a level that is greater than or equal to 87.3%.</li> <li>3. Interest paid to total cost to be maintained at a level that is less than or equal to 7.5%.</li> </ol>		
<b>Non-current liabilities</b>		
At amortised cost	4 672 935	8 134 684
<b>Current liabilities</b>		
At amortised cost	3 510 272	3 228 932
	<b>8 183 207</b>	<b>11 363 616</b>
Opening Balance	11 363 616	14 860 140
Loan received		
Interest accrued	1 057 444	1 493 048
Payments	(4 237 853)	(4 989 572)
Closing Balance	<b>8 183 207</b>	<b>11 363 616</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>17 Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	1 625 891	1 055 121
- in second to fifth year inclusive	1 326 797	1 578 738
	2 952 688	2 633 859
less: future finance charges	(306 355)	(345 641)
<b>Present value of minimum lease payments</b>	<b>2 646 333</b>	<b>2 288 218</b>
<b>Present value of minimum lease payments due</b>		
- within one year	1 409 534	858 589
- in second to fifth year inclusive	1 236 799	1 429 629
	<b>2 646 333</b>	<b>2 288 218</b>
Non-current liabilities	1 236 799	1 429 629
Current liabilities	1 409 534	858 589
	<b>2 646 333</b>	<b>2 288 218</b>

It is municipality policy to lease certain plant and equipment under finance leases.

The average lease term was 3- 5 years and the average effective borrowing rate was between 9.30% and 9.55% for plant and 14.2% for office equipment. Interest rates are linked to prime at the contract date. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12.

Property, plant and equipment for the carrying value of assets subject to finance lease.

There are no subleases

**Defaults and breaches**

There were no default during the period of principal, interest, sinking fund or redemption terms of loans payable.

**18 Unspent conditional grants and receipts**

Other grants	<b>1 982 972</b>	<b>4 197 603</b>
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Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as per the following table totalling R1 982 972.

Where conditions have been met, the amounts were recognised as revenue and is shown under the transfer columns per the following table.

The municipality complied with all the conditions attached to the grants / allocations.

These amounts are invested in a ring-fenced investment until utilised.

Grant description	Unspent balance 2017	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2018
Municipal Infrastructure Grant (MIG)		12 496 000		(724 800)	(11 771 200)	
Water Service Infrastructure Grant (WSIG)		17 000 000			(17 000 000)	
District Municipality: Infrastructure Grant		937 095			(923 180)	13 915
Finance Management Grant (FMG)		1 700 000		(1 700 000)		
District Municipality: Youth and other tourism upgrades	700 000					700 000
Dr WH Craib Trust	13 015					13 015
District Municipality: Fire and Disaster	436 000	1 034 000			(699 046)	770 954
Depart Sport : Library admin cost		2 300 000		(2 300 000)		
Expanded Public Works Programme (EPWP)		1 000 000		(1 000 000)		
ACIP Water conservation	308 177					308 177
Integrated National Electrification Program (INEP)	2 551 500		(1 394 000)		(1 157 500)	
Abafazi Rural Project (LED)	78 208			(12 000)		66 208
Resourcing Youth Centre (LED)	102 703					102 703
Moral Regeneration Movement Programme	8 000					8 000
	<b>4 197 603</b>	<b>36 467 095</b>	<b>(1 394 000)</b>	<b>(5 736 800)</b>	<b>(31 550 926)</b>	<b>1 982 972</b>

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, WSIG & FMG) :	Upgrade of Infrastructure (MIG and WSIG) and building financial capacity and learnerships (FMG)
Sarah Baardman District municipality:	Fire fighting, LED Projects and Infrastructure grants
Eastern Cape Department of Roads and Public Works:	Labour intensive projects to promote job creation for unemployed people (EPWP)
Department of Sport and Agriculture:	Administration cost for Libraries
INEP	Electricity upgrading



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
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**19 Provisions**

**Reconciliation of provisions - 2018**

	Opening Balance	Additions	Adjustment for the year	Total
Environmental rehabilitation	25 926 519		(4 572 550)	21 353 969
	<b>25 926 519</b>	<b>0</b>	<b>(4 572 550)</b>	<b>21 353 969</b>

**Reconciliation of provisions - 2017**

	Opening Balance	Additions	Adjustment for the year	Total
Environmental rehabilitation	23 630 602	2 295 917		25 926 519
	<b>23 630 602</b>	<b>2 295 917</b>		<b>25 926 519</b>

	<b>2018</b>	<b>2017</b>
<b>Non-Current liability</b>		
Amortised cost	21 353 969	25 926 519
	<b>21 353 969</b>	<b>25 926 519</b>

**Environmental rehabilitation provision**

The above rehabilitation provision includes the three towns of Somerset East, Cookhouse and Pearston.

All landfill sites financial implications and valuations are determined in terms of Section 28 of the National Environmental Management Act, Act no. 107 of 1998.

There is no planning for closure and rehabilitation of the landfill sites within the next five years and this is likely to only commence around 2030.

The effective date of all valuations was 30 June 2018 and was done and certified by Mr. S Nel, Professional Engineer, from Bosch Munitech.

In Calculating the provision for rehabilitation, the following have been included:

Direct contract costs  
Indirect Professional Fees  
Indirect disbursements  
Escalation

No rehabilitation has taken place on Cookhouse or Pearston landfill sites during the current year, while covering has partly taken place at Somerset East landfill site.

Fencing at Cookhouse (316m) and Pearston (621m) and Somerset East (121m) has been vandalised and needs replacing.

Monetary values for landfill sites at 30 June 2018:	Cookhouse	1 252 633
	Pearston	3 648 068
	Somerset East	16 453 268
		<b>21 353 969</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>20 Payables from exchange transactions</b>		
Trade payables	15 267 455	14 714 507
Payments received in advanced	612 378	530 386
Accrued leave pay	5 277 510	4 874 660
Accrued 13th cheque	1 866 600	1 675 585
Accrued performance bonus		
Retention on Capital Projects	239 173	1 026 734
Previous employees of Dev Agency	813 694	813 694
Unidentified bank deposits	1 360	
Deposits received (Town Hall & Chalets)	184 951	160 496
	<b>24 263 121</b>	<b>23 796 062</b>
<b>Prior Period adjustment</b>		
Balance as previously reported		24 689 180
2017: Accrued Performance bonuses written back. Directors already left service		(190 833)
2017: Back pay on salary task grade correction: V Gxabashe		6 157
2017: Bytes Technology Group did not send invoice on time for Advisory services delivered		157 142
2017: Invoice not received for Laboratory services from Nelson Mandela Bay Municipality		15 414
2017: Contribution towards Blue Crane Tourism Board not approved by Council		(330 960)
2017: Councillor Grootboom not paid as chairperson for the year but only as Councillor		19 468
Prior to 2017: Accrued Performance bonuses written back. Directors already left service		(575 588)
Prior to 2017: Back pay on salary task grade correction: V Gxabashe		6 082
		<b>23 796 062</b>
<b>21 Trade and other payables from non-exchange</b>		
Trade and other	422 345	55 700
<b>22 VAT payable</b>		
VAT	2 457 954	3 053 143
<b>Prior period adjustment</b>		
Balance previously reported		3 074 334
2017: Bytes Technology Group did not send invoice on time for Advisory services delivered		(19 298)
2017: Invoice not received for Laboratory services from Nelson Mandela Bay Municipality		(1 893)
		<b>3 053 143</b>
VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.		
<b>23 Consumer deposits</b>		
Electricity & water	2 578 763	2 421 026
<b>24 Financial liabilities by category</b>		
The accounting policies for financial instruments have been applied to the line items below:		
	<b>2018</b>	<b>Financial liabilities at amortised cost</b>
Other financial liabilities		(8 183 207)
Finance lease		(2 646 333)
Trade and other payables from non-exchange		(422 345)
Payables from exchange transactions		(18 373 233)
		<b>(29 625 118)</b>
	<b>2017</b>	
Other financial liabilities		(11 363 616)
Finance lease		(2 288 218)
Trade and other payables from non-exchange		(55 700)
Payables from exchange transactions		(18 391 016)
		<b>(32 098 550)</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>25 Revenue</b>		
Property rates	12 098 426	11 152 026
Service charges	105 391 913	111 774 047
Rental of facilities and equipment	468 326	260 849
Interest earned - outstanding debtors	3 882 997	3 847 706
Interest earned - external investments	1 140 337	1 281 204
Agency Services	1 053 871	885 336
Fines	55 479	71 800
Licences and permits	565 926	831 847
Transfers and Subsidies	83 919 158	73 376 019
Gains on disposal of assets		65 416
Other revenue	2 260 524	3 666 444
	<b>210 836 957</b>	<b>207 212 694</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	105 391 913	111 774 047
Rental of facilities & equipment	468 326	260 849
Interest earned - outstanding debtors	3 882 997	3 847 706
Interest earned - external investments	1 140 337	1 281 204
Agency Services - Provincial	1 053 871	885 336
Gains on disposal of assets		65 416
Miscellaneous other revenue	2 260 524	3 666 444
	<b>114 197 968</b>	<b>121 781 002</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
Property rates	12 098 426	11 152 026
Fines	55 479	71 800
Licences and permits	565 926	831 847
Transfers and Subsidies	83 919 158	73 376 019
	<b>96 638 989</b>	<b>85 431 692</b>

**Collectability of amounts**

At the time of initial recognition of revenue it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods and services will not occur due to the fact that the municipality has an obligation to collect all revenue.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>26 Property rates</b>		
<b>Rates received</b>		
All properties (Residential, Bussiness, Agriculture and Commercial)	12 098 426	11 152 026
<b>Valuations</b>		
Agricultural	3 097 994 800	3 098 032 400
Commercial	132 446 150	128 452 850
Government - Infrastructure	1 437 100	1 437 100
Residential	480 875 100	475 218 100
Government - Other	330 342 600	330 342 600
	<b>4 043 095 750</b>	<b>4 033 483 050</b>
<p>Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The next general valuation will be done on 1 July 2019.</p> <p>Rates are levied on an annual basis with the final date for payment being 30 June 2018 (30 June 2017). Interest at prime plus 1% per annum (2017:prime plus 1% per annum), is levied on rates outstanding one month after due date.</p> <p>A general rate of 0.00064 for agricultural properties, 0.01024 for business properties, 0.00875 for residential properties, 0.00088 for government infrastructure properties and 0.01642 for government properties is applied to property valuations to determine assessment rates (2017: 0.00058 - agricultural properties, 0.00931 - business properties, 0.00795 - residential properties, 0.01563 - government properties and 0.00119 for Government infrastructure). Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted. (2017: R15 000 - residential properties and 30% government infrastructure).</p>		
<b>27 Service charges</b>		
Sale of electricity	85 030 831	90 154 712
Sale of water	10 406 016	12 535 287
Sewerage and sanitation charges	4 428 958	4 075 203
Refuse removal	5 526 108	5 008 845
	<b>105 391 913</b>	<b>111 774 047</b>
<b>Electricity losses</b>		
Units	17 886 458	14 584 715
Amount	R 9 128 111	R 11 048 032
Percentage	19%	22%
<b>Water losses</b>		
Units	1 053 836	1 301 798
Amount	R 5 627 483	R 6 535 026
Percentage	48%	48%
<b>28 Investment revenue</b>		
<b>Interest revenue</b>		
Sporting and Other bodies	409	567
Bank Accounts	1 139 928	1 280 637
	<b>1 140 337</b>	<b>1 281 204</b>
<p>The amount of R1 140 337 (2017: R1 281 204) is included under revenue arising from exchange transactions</p>		
<b>29 Transfers and Subsidies</b>		
Equitable share	45 700 000	44 713 000
Government grant - MIG	12 496 000	19 378 343
Government grant - FMG	1 700 000	1 625 000
Government grant - WSIG	17 000 000	
Government grant - EPWP	1 000 000	1 008 000
Provincial and District Municipality grants	4 865 658	4 203 176
Government grant - INEP	1 157 500	2 448 500
	<b>83 919 158</b>	<b>73 376 019</b>
<b>30 Other revenue</b>		
Incidental Cash surpluses	3 602	16 805
Commission: Transaction Handling Fees	174 604	2 387
Insurance Refund	114 962	1 748 439
Skills Development Levy Refund	135 323	148 304
Bad debts recovered	16 665	85 702
Sub-division and Consolidation	23 140	9 979
Building plan approvals	157 481	368 505
Burial Fees	78 527	62 898
General/Other	669 563	878 483
Library Fees	16 410	29 509
Camping Fees	100 615	72 502
Connection/Reconnection Fees	769 632	242 931
	<b>2 260 524</b>	<b>3 666 444</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>31 Employee related costs</b>		
Basic Salary and Wages	50 203 593	49 353 417
Bonuses	3 978 722	3 773 905
Social Contributions - Medical	2 881 341	2 670 118
Social Contributions - Group Life Insurance	2 268	2 552
Social Contributions - Unemployment Insurance	437 673	438 616
Leave Gratuity	1 214 707	982 116
Post-retirement benefits - Medical : Past Service Cost	299 944	355 681
Long Term Service Awards: Past Service Cost	56 345	66 399
Post-retirement benefits - Medical : Interest Cost	2 072 656	1 852 671
Long Term Service Awards: Interest Cost	304 937	307 575
Overtime	3 597 548	3 227 250
Other allowances: Non-Pensionable	3 089 527	3 408 331
Social Contributions - Bargaining council	29 617	29 161
Social Contributions - Pension	7 941 849	7 711 727
	<b>76 110 727</b>	<b>74 179 519</b>
<b>Prior Period adjustment</b>		
Balance as previously reported (After mSCOA re-classification)		<b>74 364 195</b>
Accrued Performance bonuses written back. Directors already left service		(190 833)
Back pay on salary task grade correction: V Gxabashe		6 157
		<b>74 179 519</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	1 094 299	1 026 548
Car Allowance	120 000	120 000
Leave pay out	197 899	
Contributions to UIF, Medical and Pension Funds	1 884	1 877
	<b>1 414 082</b>	<b>1 148 425</b>
<b>Remuneration of chief finance officer (Vacant from 1 November 2016 to 31 January 2017)</b>		
Annual Remuneration	876 665	635 780
Car Allowance	120 000	70 000
Contributions to UIF, Medical and Pension Funds	1 884	1 408
Leave pay out		166 824
	<b>998 549</b>	<b>874 012</b>
<b>Remuneration of manager - corporate services (Vacant from 1 September 2017 to 31 October 2017)</b>		
Annual Remuneration	720 168	821 042
Car Allowance	20 000	120 000
Leave pay out	92 321	
Contributions to UIF, Medical and Pension Funds	91 955	1 875
	<b>924 444</b>	<b>942 917</b>
<b>Remuneration of manager - community services (Vacant from 1 September 2017 to 31 October 2017)</b>		
Annual Remuneration	735 527	821 040
Car Allowance	125 211	120 000
Leave pay out	99 707	
Contributions to UIF, Medical and Pension Funds	1 569	1 877
	<b>962 014</b>	<b>942 917</b>
<b>Remuneration of manager - infrastructure (Vacant from 1 September 2017 to 30 June 2018)</b>		
Annual Remuneration	120 722	788 701
Car Allowance	25 390	152 340
Leave pay out	96 014	
Contributions to UIF, Medical and Pension Funds	313	1 876
	<b>242 439</b>	<b>942 917</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

		2018 R	2017 R (Restated)
<b>32 Remuneration of councillors</b>			
<b>Previous Councillors</b>			
Mayor:	NM Scott		83 369
Chairperson: MPAC	WH Greeff		33 708
Chairperson: Community Services	M Nontyi		33 708
Councillor	CFB Du Preez		26 792
Councillor	NG Mjikelo		26 792
Councillor	Z Funiselo		26 833
Councillor	MK Mali		26 792
Councillor	RM Bradfield		26 792
<b>Current Councillors</b>			
Mayor:	BA Manxoweni	800 711	690 261
Chairperson: MPAC	NP Nkonyeni	347 069	310 411
Councillor	KC Brown	280 246	244 260
Councillor	P Sonkwala	280 246	222 133
Councillor	J Martin	280 246	222 133
Councillor	F Brown	280 246	222 133
Councillor	C Du Plessis	280 246	222 133
Chairperson: Community Services	A Hufkie	347 069	279 191
Chairperson: Infrastructure	T Grootboom	347 069	270 071
Councillor	M Kwatshu	347 069	276 870
Councillor	T Xakaxa	280 246	222 133
		<b>3 870 463</b>	<b>3 466 515</b>
<b>In-kind benefits (Included under "Contracted Servies")</b>			
The following Councillors received benefits in-kind (Study Fees):			
Councillor	NG Mjikelo		14 100
Chairperson: MPAC	NP Nkonyeni	81 075	19 500
		<b>3 951 538</b>	<b>3 500 115</b>
<b>Prior Period adjustment</b>			
Balance previously reported (After mSCOA re-classification)			
2017: Councillor Grootboom not paid as chairperson for the year but only as Councillor			
			<b>3 447 047</b>
			<b>19 468</b>
			<b>3 466 515</b>

# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2018

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R (Restated)
<b>33 Debt impairment</b>		
Allowance for impairment	4 663 270	8 883 634
Debts written off	4 327 637	4 529 764
	<b>8 990 907</b>	<b>13 413 398</b>
<b>34 Finance costs</b>		
Overdue accounts	10	27 700
Annual Loans	1 057 444	1 404 356
Finance leases	276 288	296 035
Interest cost - Landfill sites liability		2 295 917
	<b>1 333 742</b>	<b>4 024 008</b>
Interest expense is calculated using the effective interest rate.		
<b>35 Bulk purchases</b>		
Electricity	70 530 734	73 694 658
Water	1 342 515	1 162 133
	<b>71 873 249</b>	<b>74 856 791</b>
<b>36 Contracted Services</b>		
Business and Advisory - Valuer and Assessors	75 725	82 075
Connection/Dis-connection - Electricity	730 296	20 919
Laboratory Services	35 023	69 708
Consultants and Professional Services - Legal Cost	401 014	762 225
Outsourced Services - Drivers Licence Cards	95 037	97 644
Outsourced Services - Alien Vegetation Control		1 130
Contractors - Safeguard and Security	1 155 110	901 755
Contractors - Transportation	21 652	140 538
Outsourced Services - Business and Advisory	2 824 000	2 750 378
Outsourced Services - Medical Services	4 391	19 948
Contractor Services - Infrastructure and Planning	2 000	
Contracted Services - Electrical Services	27 262	
Contracted Services - Maintenance of Unspecified Assets	1 161 920	357 976
	<b>6 533 430</b>	<b>5 204 296</b>
<b>Prior Period adjustment</b>		
Balance as previously reported (After mSCOA re-classification)		<b>5 052 931</b>
Bytes Technology Group did not send invoice on time for Advisory services delivered		137 844
Invoice not received for Laboratory services from Nelson Mandela Bay Municipality		13 521
		<b>5 204 296</b>
<b>37 Transfers and Subsidies</b>		
Non-Profit Institutions - Tourism	192 428	2 075
Non-Profit Institutions - Other	15 500	3 500
South African Local Government Association	802 090	763 895
	<b>1 010 018</b>	<b>769 470</b>
<b>Prior Period adjustment</b>		
Balance as previously reported (After mSCOA re-classification)		<b>1 100 430</b>
Contribution towards Blue Crane Tourism Board not approved by Council		<b>(330 960)</b>
		<b>769 470</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>38 Operational Cost</b>		
Advertising, Publicity and Marketing	218 769	382 872
External Audit Fees	2 944 228	2 684 555
Bank charges, Facility and card fees	79 235	119 575
Entertainment	163 020	186 121
Insurance Underwriting	713 840	723 278
Registration Fees - Seminars, Conferences, Workshops	29 509	41 967
Hire Charges	261 221	213 263
Fuel	2 537 495	2 504 095
Printing, Publications and Books	772 789	1 043 534
Uniform and Protective clothing	238 600	289 789
Telephone, Fax, Telegraph and Telex	2 275 112	2 722 578
Courier and Delivery Services	8 711	2 754
Deeds	26 620	11 056
Licences - Motor Vehicle Licence and Registration	208 176	193 181
Remuneration to Ward Committee	538 886	53 000
Small Differences Tolerances		1 201
Workmen's Compensation Fund	500 302	561 384
Professional Bodies, Membership and subscriptions	21 179	14 526
Skills Development Levy	746 258	726 304
Travel and Subsistence	2 242 822	1 512 833
Assets less than capitisation Threshold	2 990	
External Computer Service	507 418	489 897
Transport provided as part of events	19 992	
Satellite Signals	10 339	
Recharges to Capital Projects	(2 504 170)	(194 836)
	<b>12 563 341</b>	<b>14 282 927</b>
<b>39 Auditors' remuneration</b>		
Audit Fees	<b>2 944 228</b>	<b>2 684 555</b>
An amount of R53 738 was outstanding at 30 June 2018 and paid in July 2018		
<b>40 Net cash flows from operating activities</b>		
Surplus/(deficit)	(4 385 220)	(21 643 807)
<b>Adjustments for:</b>		
Depreciation and amortisation	36 296 706	36 326 106
(Gain) / Loss on sale of assets and liabilities	148 407	(65 416)
Grant revenue with transfer of assets		(286 074)
Finance costs (finance leases)	276 288	296 035
Debt impairment	8 990 907	13 413 398
Movement in retirement benefit assets and liabilities	915 206	1 322 564
Movement in Long Service Awards Liability	347 195	67 721
Movements in provisions	(4 572 550)	2 295 917
<b>Changes in working capital:</b>		
(Increase)/decrease in inventories	(76 432)	(86 826)
(Increase)/decrease in other receivables from exchange transactions	(28 598)	97 826
(increase)/decrease from other receivables from non-exchange transactions	(79 320)	(1 175 541)
(Increase)/decrease in Trade receivables from exchange transactions	(9 100 958)	(16 867 046)
Increase/(decrease) in payables from exchange transactions	467 059	2 687 593
Increase/(decrease) in VAT payable	(595 189)	298 636
Increase/(decrease) in trade and other payables from non-exchange	366 645	(199 017)
Increase/(decrease) in unspent conditional grants and receipts	(2 214 631)	(2 141 403)
Increase/(decrease) in consumer deposits	157 737	(41 945)
	<b>26 913 252</b>	<b>14 298 721</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>41 Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
Infrastructure related projects	1 657 276	10 409 388
	<b>1 657 276</b>	<b>10 409 388</b>

This committed expenditure relates to Infrastructure projects and will be financed by Government Grants.

**Operating leases - as lessee (expense)**

No operating leases were paid for in the 2018 financial year.

**Operating leases - as lessor (income)**

Certain of the municipality's property is held to generate rental income. No lease agreements are in place and tenants rent the respective properties on a month to month basis. There are no contingent rents receivable.

**42 Contingencies**
**Contingent liabilities**
**Matter: Blue Crane Route vs RM Brown**

Plaintiff has instituted a summons against the Municipality for the amount of R46 215.75 plus interest from 13 August 2013 up to date of payment in respect of a boundary fence which was erected when the existed one had fallen into a state of disrepair.

**Matter: Blue Crane Route Municipality vs Various Employees**

The following Labour matters is still ongoing :

<u>Name of Employee</u>	<u>Labour Case details</u>	<u>Further anticipated costs</u>
Ms G Sammy	Dispute her remuneration	R38 428 This amount excludes the municipality's possible obligation should the claimant be successful
I Hendricks & other	Re-employment in terms of Agreement	60 000 This amount excludes the municipality's possible obligation should the claimant be successful
Yolisa Qola	Dispute the recovering of studying cost	R20 238

**Contingent assets**
**Matter: Blue Crane Route Municipality vs Austin & Evans Abattoir**

In terms of the Municipality's Water supply and Sanitation services By Laws a compliance notice was delivered to Austin & Evans for its failure to comply with said legislation, relating to the disposal, dumping or deposit of effluent was in Somerset East. The matter has been placed on hold by the Municipality.

**Matter: Blue Crane Route Municipality vs Autumn Star/Claassen**

The matter is on going. The Municipality's prospects of success remains strong and should be able to obtain an order for repayment of approximately R1 561 737 (Autumn Star) and R3 602 190 (Claassen). New court dates has been made.

**Matter: Blue Crane Route Municipality vs A Swanepoel**

The Municipality appeal was successful, but Bill of costs has not been taxed yet. The total claim amount is R50 000. The file of Mr Swanepoel has been forwarded to the Cost Consultant after which the file will be returned to the Municipality.

**Matter: Blue Crane Route Municipality vs P January**

P January was employed at the Municipality and resigned on 31 March 2017. After she left it was discovered that salary was paid while her sick leave was exhausted. The possible overpayment is according the Municipality's calculation approximately R170 000. The Municipality tried to recover this from the pension fund but was unsuccessful. An application is in process with the legal presentation.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>43 Related parties</b>		
<b>Contracts awarded to suppliers in the service of the state</b>		
Aurecon (PJ Hendricks is in the service of The National Metrology Institute of SA)		1 005 842
PNB Civils Owner was working for Mossel Bay Municipality until February 2017	89 400	
Norotype (PTY)LTD , child of Employee (C Malambile) from Department of Health	2 625	
MLB Arms & Ammunition - Owner's spouse employee of Department of Health	3 821	
Ebusha General Trading (Director's daughter employed by the Provincial Department )	397 432	190 888
<b>Contracts awarded to close family members</b>		
Ezithathwini Pty Ltd (Owner is sister of Councillor NP Yantolo)	4 440	
<b>No awards made to Section 56 and other Councillors, except for the above.</b>		
<b>44 Prior period adjustments</b>		
During the preparation of the municipality's annual financial statements, a number of prior period errors (periods before 2017), affecting various balances were noted. These errors were corrected retrospectively.		
The correction of the error(s) results in adjustments as follows:		
<b>Payables from exchange transactions (Note 20)</b>		
Prior to 2017: Accrued Performance bonuses written back. Directors already left service		575 588
Prior to 2017: Back pay on salary task grade correction: V Gxabashe		(6 082)
		<u>569 506</u>
<b>Accumulated surplus adjustments (Earlier than 2017)</b>		
Payables from exchange transactions		(569 506)
		<u>(569 506)</u>
<b>Prior period adjustments</b>		
Adjustments to Employee related costs (See Note 31)		(184 676)
Adjustments to Councillors Remuneration (See Note 32)		19 468
Adjustment to Contracted Services (See Note 36)		151 365
Adjustments to Transfers and Subsidies (See Note 37)		(330 960)
Adjustment: Opening accumulated surplus 2017 (See above detail)		(569 506)
		<u>(914 309)</u>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
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**45 Risk management**
**Financial risk management**

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

**Interest rate risk**

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

**Cash flow interest rate risk**

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years
Other financial liabilities	9.62%	(4 161 633)	(4 021 574)	
Trade and other payables from non-exchange	10.50%	(422 345)		
Payables from exchange transactions	7%	(24 263 121)		
Finance lease obligation	9.55%	(1 409 534)	(1 008 468)	(228 331)
Trade and Other receivables from exchange	11.00%			
Other receivables from non-exchange	11.00%			
Other financial assets	5.00%	3 419	2 982	
Cash in current banking institutions	3.75%	1 218 800		

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018
Trade receivables from exchange transactions	23 917 276
Other receivables from non-exchange transactions	5 131 321
Other receivables from exchange transactions	1 079 627
Other financial assets	6 401
Short term deposits and cash in banks	1 218 800

The municipality holds deposits of R2 578 763 (2017: R2 421 026) from consumer debtors. No guarantees or collateral was provided to third parties.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>46 Going concern</b>		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
<b>47 Events after the reporting date</b>		
There are no events after reporting date to report on.		
<b>48 Unauthorised expenditure</b>		
Opening balance	9 435 068	30 914 141
Add: Unauthorised Expenditure - current year	3 089 997	8 045 528
Less: Amounts written off by Council on 6 July 2017		(29 524 601)
	<b>12 525 065</b>	<b>9 435 068</b>
Unauthorised expenditure occurred during the 2018 year due to debt impairment under and over budgeted per vote. However the nett overspending for debt impairment was R1 025 907 and the total expenditure for the year was R11 448 291 less than the total expenditure budget.		
<b>49 Fruitless and wasteful expenditure</b>		
Opening balance	834 851	832 328
Add: Fruitless and wasteful expenditure - current year	10	27 700
Less: Amounts written off/recovered by Council		(25 177)
	<b>834 861</b>	<b>834 851</b>
Council received the COGTA investigation report into the loss of R 834,861 in March 2018. An action plan was adopted by Council. Various of oversight structures are implementing this action plan.		
<b>50 Irregular expenditure</b>		
Opening balance	83 030 547	84 947 379
Add: Irregular Expenditure - current year	10 386 617	14 318 311
Less: Amounts written off by Council on 6 July 2017		(16 235 143)
	<b>93 417 164</b>	<b>83 030 547</b>
<b>Details of irregular expenditure - current year</b>		
Supply Chain Management regulations not adhered to	<b>93 417 164</b>	<b>83 030 547</b>
Refer to Annexure "A" for the full list of deviations	<b>2 101 656</b>	<b>2 259 724</b>

Irregular expenditure are made up by payments mainly to Consulting engineers, Construction companies, Security services and fuel expenditure since 2011/12. These appointments were done by not following Council Procurement processes. Council appointed a disciplinary board during February 2017 to investigate these expenditure. These investigations includes value for money determination and asset verification checks which are performed by Council's internal audit unit. During 2017, R 16,2 m was condoned by Council through the processes of the Disciplinary board. The majority of the balance of the R 83 m (2017) were also investigated by the disciplinary board and only needs to be reported to Council in the 2018/19 financial year.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2018	2017
R	R
	(Restated)

## 51 Reconciliation between budget and statement of financial performance

Classification Basis	Actual amounts as per Budget	Actual amounts as per State- ment of Financial Performance	Difference	Comment
<b>Revenue</b>				
Property rates	12 099 262	12 098 426	836	Budget includes Municipal Services
<b>Service Charges</b>	<b>114 637 658</b>	<b>105 391 913</b>	<b>9 245 745</b>	
Service Charges: Electricity	93 995 800	85 030 831	8 964 969	Budget includes Municipal Services
Service Charges: Water	10 572 238	10 406 016	166 222	Budget includes Municipal Services
Service Charges: Sanitation	4 480 698	4 428 958	51 740	Budget includes Municipal Services
Service Charges: Refuse	5 588 922	5 526 108	62 814	Budget includes Municipal Services
<b>Expenditure</b>				
<b>Classification Basis</b>				
<b>Operational Costs/Other Expenditure</b>	<b>21 958 329</b>	<b>12 563 341</b>	<b>9 394 988</b>	
Municipal Services: Electricity	8 964 969		8 964 969	Budget includes Municipal Services
Municipal Services: Water	166 222		166 222	Budget includes Municipal Services
Municipal Services: Sewerage	51 740		51 740	Budget includes Municipal Services
Municipal Services: Refuse	62 814		62 814	Budget includes Municipal Services
Municipal Services: Rates	836		836	Budget includes Municipal Services
Loss on disposal of PPE	148 407		148 407	Shown separate in Statement of Financial Perf
Other Operational cost/Expenditure	12 563 341	12 563 341		

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
<b>52 Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>PAYE and UIF</b>		
SARS deductions	10 296 108	9 786 133
Amount paid over	(9 514 863)	(9 738 805)
	<b>781 245</b>	<b>47 328</b>
The outstanding amount of R781 245 for Income Tax was paid to SARS in July 2018.		
<b>Pension and Medical Aid Deductions</b>		
Current year deductions	15 987 634	15 072 193
Amount paid - current year	(15 989 527)	(15 072 193)
	<b>(1 893)</b>	<b>-</b>
An amount of R1 893 was refunded to an employee in August 2018.		
<b>Councillors' arrear consumer accounts</b>		
No Councillors municipal charges were outstanding for more than 90 days at 30 June 2018		
M Kwatsha		3 594
BA Manxoweni		7
		<b>3 601</b>
<b>Organised Local Government (SALGA)</b>		
Contribution for the year	<b>802 090</b>	<b>763 895</b>
No contributions were outstanding at year end.		

**53 Actual versus Budget: Explanation of material variances greater than 10% versus budget**

Revenue	Final Budget 2018 R	Actual 2018 R	Variance R	Variance %	Explanation
Interest earned - external investments	1 000 750	1 140 337	139 587	14%	WSIG Grants spending delayed
Rental of facilities and equipment	533 080	468 326	(64 754)	-12%	mSCOA Budget mistakes
Fines	81 000	55 479	(25 521)	-32%	Traffic fines less than suspected
Agency Services	600 000	1 053 871	453 871	76%	Additional licences income
Gain on disposal of PPE	200 000		(200 000)	-100%	No Auction held during the year
<b>Expenditure</b>					
Debt impairment	7 965 000	8 990 907	1 025 907	13%	Actual debt impairment much more
Finance charges	3 810 830	1 333 742	(2 477 088)	-65%	Landfill site valuation RUL adjustm
Other material	3 219 690	2 535 218	(684 472)	-21%	mSCOA Budget mistakes
Contracted services	7 715 820	6 533 430	(1 182 390)	-15%	mSCOA Budget mistakes
Transfers and Subsidies	1 638 000	1 010 018	(627 982)	-38%	Grant from SBDM not spent

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R (Restated)
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**54 Final budget versus original budget: Explanation of material variances greater than 10%**

	Final Budget 2018 R	Original Budget 2018 R	Variance R	Variance %	Explanation
<b>Revenue</b>					
Interest earned - outstanding debtors	3 905 000	3 276 000	629 000	19%	Interest on debtors increased
Rental of facilities and equipment	533 080	243 600	289 480	119%	mSCOA re-classifications
Licences and permits	600 000	750 000	(150 000)	-20%	Additional licences income
Agency services	600 000	890 000	(290 000)	-33%	Additional licences income
Gains on disposal of PPE	200 000	170 000	30 000	18%	Increase in erven sold
Other Income	2 304 400	5 684 180	(3 379 780)	-59%	Change to cost model on Inv Prop
<b>Expenditure</b>					
Finance charges	3 810 830	5 708 350	(1 897 520)	-33%	mSCOA re-classifications
Transfers and Subsidies	1 638 000	1 033 000	605 000	59%	mSCOA re-classifications
Other material/Inventory consumed	3 219 690	3 708 730	(489 040)	-13%	mSCOA re-classifications
Contracted services	7 715 820	4 983 110	2 732 710	55%	mSCOA re-classifications

**55 Summary of Re-classifications as per mSCOA**

		2017	2017	2017	2017
		Amount previously reported	mSCOA re- classification	Prior period error	Amount as per Statement of Financial Performance
		R	R	R	R
<b>Revenue</b>	<b>Note</b>				
Property rates	26	11 152 026			11 152 026
Service charges	27	112 032 712	(258 665)		111 774 047
Rental of facilities and equipment	25	47 053	213 796		260 849
Interest earned - outstanding debtors	25	3 847 706			3 847 706
Interest earned - external investments	28	1 281 204			1 281 204
Agency Services	25	885 336			885 336
Fines	25	71 800			71 800
Licences and permits	25	831 847			831 847
Transfers and Subsidies	29	72 921 953	454 066		73 376 019
Fees earned		498 321	(498 321)		
General		878 481	(878 481)		
Private Work		121 306	(121 306)		
Gains on disposal of PPE	25	65 416			65 416
Other income	30	2 577 533	1 088 911		3 666 444
<b>Total revenue</b>		<b>207 212 694</b>			<b>207 212 694</b>
<b>Expenditure</b>					
Employee related costs	31	73 995 198	368 997	(184 676)	74 179 519
Remuneration of councillors	32	3 480 647	(33 600)	19 468	3 466 515
Debt Impairment	33	13 413 398			13 413 398
Depreciation and asset impairments/amortisation	12/13	36 326 106			36 326 106
Repairs and Maintenance		2 917 877	(2 917 877)		-
Finance costs	34	6 156 554	(2 132 546)		4 024 008
Bulk purchases	35	74 856 791			74 856 791
General Expenses		19 246 774	(19 246 774)		-
Contracted services	36		5 052 931	151 365	5 204 296
Inventory consumed			3 525 512		3 525 512
Transfers and Subsidies	37		1 100 430	(330 960)	769 470
Operational Cost	38		14 282 927		14 282 927
<b>Total expenditure</b>		<b>230 393 345</b>		<b>(344 803)</b>	<b>230 048 542</b>

NOTE 56.1

EC102 Blue Crane Route - Reconciliation of Table A1 Budget Summary

Description  R thousands	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Financial Performance</b>												
Property rates	12 254	–	12 254	12 099		(155)	98.7%	98.7%				11 153
Service charges	120 709	(784)	119 924	114 638		(5 287)	95.6%	95.0%				121 960
Interest earned - external investments	1 001	–	1 001	1 140		140	113.9%	113.9%				1 281
Transfers recognised - operational	53 501	(624)	52 876	52 368		(508)	99.0%	97.9%				51 095
Other own revenue	11 104	(2 880)	8 223	14 331		6 108	174.3%	129.1%				9 539
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>198 568</b>	<b>(4 289)</b>	<b>194 279</b>	<b>194 577</b>		<b>298</b>	<b>100.2%</b>	<b>98.0%</b>				<b>195 028</b>
Employee related costs	78 417	(3 368)	75 049	76 111	(1 061)	1 061	101.4%	97.1%	–	–	–	73 457
Remuneration of councillors	3 714	146	3 859	3 870	(11)	11	100.3%	104.2%	–	–	–	3 820
Debt impairment	7 965	–	7 965	8 991	(1 026)	1 026	112.9%	112.9%	–	–	–	13 413
Depreciation & asset impairment	34 449	3 084	37 533	36 297	1 236	(1 236)	96.7%	105.4%	–	–	–	36 326
Finance charges	5 708	(1 898)	3 811	1 334	2 477	(2 477)	35.0%	23.4%	–	–	–	6 157
Materials and bulk purchases	80 343	11	80 354	74 408	5 945	(5 945)	92.6%	92.6%	–	–	–	74 857
Transfers and grants	1 033	605	1 638	1 010	628	(628)	61.7%	97.8%	–	–	–	911
Other expenditure	27 787	3 965	31 752	28 492	3 260	(3 260)	89.7%	102.5%	–	–	–	29 844
<b>Total Expenditure</b>	<b>239 416</b>	<b>2 545</b>	<b>241 961</b>	<b>230 513</b>	<b>11 448</b>	<b>(11 448)</b>	<b>95.3%</b>	<b>96.3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>238 784</b>
<b>Surplus/(Deficit)</b>	<b>(40 848)</b>	<b>(6 834)</b>	<b>(47 682)</b>	<b>(35 936)</b>		<b>11 746</b>	<b>75.4%</b>	<b>88.0%</b>				<b>(43 757)</b>
Transfers recognised - capital	31 310	3 192	34 501	22 113		(12 388)	64.1%	70.6%				21 827
Contributions recognised - capital & contributed assets	–	–	–	–		–	–	–				286
	<b>(9 538)</b>	<b>(3 643)</b>	<b>(13 181)</b>	<b>(13 823)</b>								<b>(21 644)</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>						<b>(643)</b>	<b>104.9%</b>	<b>144.9%</b>				
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–				–
<b>Surplus/(Deficit) for the year</b>	<b>(9 538)</b>	<b>(3 643)</b>	<b>(13 181)</b>	<b>(13 823)</b>		<b>(643)</b>	<b>104.9%</b>	<b>144.9%</b>				<b>(21 644)</b>
<b>Capital expenditure &amp; funds sources</b>												
<b>Capital expenditure</b>												
Transfers recognised - capital	31 310	(1 519)	29 791	27 830		(1 961)	93.4%	88.9%				15 435
Public contributions & donations	–	–	–	–		–	–	–				–
Borrowing	1 500	(255)	1 245	1 240		(5)	99.6%	82.7%				–
Internally generated funds	340	1 296	1 636	588		(1 048)	36.0%	173.0%				1 317
<b>Total sources of capital funds</b>	<b>33 150</b>	<b>(479)</b>	<b>32 671</b>	<b>29 658</b>		<b>(3 013)</b>	<b>90.8%</b>	<b>89.5%</b>				<b>16 752</b>
<b>Cash flows</b>												
Net cash from (used) operating	29 713	(11 327)	18 387	26 756		8 369	145.5%	90.0%				13 542
Net cash from (used) investing	(27 212)	(1 608)	(28 820)	(29 521)		(701)	102.4%	108.5%				(16 054)
Net cash from (used) financing	(3 285)	(603)	(3 888)	(2 941)		947	75.6%	89.5%				(4 672)
<b>Cash/cash equivalents at the year end</b>	<b>216</b>	<b>(8 584)</b>	<b>(7 393)</b>	<b>1 223</b>		<b>8 615</b>	<b>-16.5%</b>	<b>566.0%</b>				<b>6 929</b>



## NOTE 56.2

## EC102 Blue Crane Route - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<b>Governance and administration</b>	58 822	(4 170)	54 652	53 980		9 389	98.8%	91.8%				41 034
Executive and council	20 754	139	20 894	20 908		(11 615)	44.4%	44.7%				20 330
Finance and Administration	38 068	(4 309)	33 759	33 072		21 004	162.2%	143.9%				18 312
Corporate services	-	-	-	-		-	-	-				2 392
Internal Audit	-	-	-	-		-	-	-				-
<b>Community and public safety</b>	4 513	443	4 956	4 048		3 710	81.7%	89.7%				6 204
Community and social services	2 538	(28)	2 510	2 395		4 504	279.4%	276.3%				2 576
Sport and recreation	120	10	130	101		(29)	77.4%	83.8%				-
Public safety	948	612	1 560	793		(767)	50.9%	83.7%				2 486
Housing	-	-	-	-		-	-	-				-
Health	907	(150)	756	758		2	100.3%	83.6%				1 142
<b>Economic and environmental services</b>	3 481	(454)	3 027	2 434		(593)	80.4%	69.9%				20 559
Planning and development	700	-	700	12		(688)	1.7%	1.7%				125
Road transport	2 781	(454)	2 327	2 422		95	104.1%	87.1%				20 434
Environmental protection	-	-	-	-		-	-	-				-
<b>Trading services</b>	163 061	3 084	166 144	165 666		(479)	99.7%	101.6%				149 317
Energy sources	103 664	2 157	105 820	102 427		(3 393)	96.8%	98.8%				107 157
Water management	37 268	(15 906)	21 362	36 814		15 451	172.3%	98.8%				21 389
Waste water management	10 967	16 978	27 946	10 897		(17 048)	39.0%	99.4%				10 402
Waste management	11 162	(146)	11 016	15 528		4 512	141.0%	139.1%				10 369
<b>Other</b>	-	-	-	-		-	-	-				-
<b>Total Revenue - Standard</b>	229 878	(1 097)	228 780	226 128		12 027	98.8%	98.4%				217 113
<b>Expenditure - Standard</b>												
<b>Governance and administration</b>	66 913	(985)	65 928	65 342	(18)	(605)	99.1%	97.7%	-	-	-	53 920
Executive and council	10 158	(344)	9 813	9 278		(535)	94.5%	91.3%			-	9 656
Finance and administration	55 329	(497)	54 833	54 763		(70)	99.9%	99.0%			-	27 152
Corporate services	-	-	-	-	-	-	-	-			-	17 111
Internal Audit	1 426	(144)	1 282	1 301	(18)						-	-
<b>Community and public safety</b>	11 280	90	11 370	10 881		(489)	95.7%	96.5%	-	-	-	15 819
Community and social services	7 209	29	7 238	7 014		(224)	96.9%	97.3%			-	9 741
Sport and recreation	992	(44)	948	932		(16)	98.3%	93.9%			-	-
Public safety	2 406	119	2 525	2 376		(149)	94.1%	98.7%			-	5 181
Housing	-	-	-	-	-	-	-	-			-	-
Health	673	(14)	659	559		(100)	84.8%	83.0%			-	897
<b>Economic and environmental services</b>	21 198	(1 763)	19 436	17 125	-	(2 311)	88.1%	80.8%	-	-	-	21 109
Planning and development	2 876	(244)	2 633	1 934		(699)	73.5%	67.2%			-	2 968
Road transport	18 322	(1 519)	16 803	15 191		(1 612)	90.4%	82.9%			-	18 141
Environmental protection	-	-	-	-	-	-	-	-			-	-
<b>Trading services</b>	140 024	5 203	145 227	137 165	(993)	(8 062)	94.4%	98.0%	-	-	-	147 910
Energy Source	97 010	1 945	98 954	92 115		(6 840)	93.1%	95.0%			-	99 217
Water management	17 217	159	17 376	18 369	(993)	993	105.7%	106.7%			-	20 751
Waste water management	9 624	1 365	10 989	10 642		(348)	96.8%	110.6%			-	10 490
Waste management	16 174	1 734	17 908	16 040		(1 867)	89.6%	99.2%			-	17 452
<b>Other</b>	-	-	-	-	-	-	-	-			-	-
<b>Total Expenditure - Standard</b>	239 416	2 545	241 961	230 513	(1 011)	(11 467)	95.3%	96.3%	-	-	-	238 757
<b>Surplus/(Deficit) for the year</b>	(9 538)	(3 643)	(13 181)	(4 385)	8 796	23 494	33.3%	46.0%	-	-	-	(21 644)

**NOTE 56.3**

**EC102 Blue Crane Route - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand												
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Mayoral Executive	–	–	–	–		–						
Municipal Council	20 723	139	20 863	20 863		(0)	100.0%	100.7%				20 286
Accounting Officer	731	–	731	57		(674)	7.8%	7.8%				169
Budget & Treasury	18 700	(319)	18 381	19 843		1 462	108.0%	106.1%				18 312
Technical Services	172 125	(787)	171 339	164 238		(7 100)	95.9%	95.4%				160 105
Community, Safety & Social Services	17 385	(141)	17 244	20 968		3 723	121.6%	120.6%				16 572
Corporate Services	213	10	223	158		(64)	71.2%	74.5%				1 669
Example 8 - Vote8			–			–	–	–				
Example 9 - Vote9			–			–	–	–				
Example 10 - Vote10			–			–	–	–				
Example 11 - Vote11			–			–	–	–				
Example 12 - Vote12			–			–	–	–				
Example 13 - Vote13			–			–	–	–				
Example 14 - Vote14			–			–	–	–				
Example 15 - Vote15			–			–	–	–				
<b>Total Revenue by Vote</b>	<b>229 878</b>	<b>(1 097)</b>	<b>228 780</b>	<b>226 128</b>		<b>(2 653)</b>	<b>98.8%</b>	<b>98.4%</b>				<b>217 113</b>
<b>Expenditure by Vote to be appropriated</b>												
Mayoral Executive	371	(6)	365	368	3	3	100.9%	99.2%			–	346
Municipal Council	5 268	(118)	5 150	4 985	(165)	(165)	96.8%	94.6%			–	3 822
Accounting Officer	8 822	(608)	8 213	7 160	(1 053)	(1 053)	87.2%	81.2%			–	8 455
Budget & Treasury	31 270	(545)	30 725	32 340	1 615	1 615	105.3%	103.4%			–	27 050
Technical Services	153 229	1 977	155 207	147 019	(8 187)	(8 187)	94.7%	95.9%			–	159 024
Community, Safety & Social Services	32 811	1 835	34 646	31 887	(2 759)	(2 759)	92.0%	97.2%			–	33 271
Corporate Services	7 645	10	7 655	6 753	(902)	(902)	88.2%	88.3%			–	6 789
Example 8 - Vote8			–			–	–	–			–	
Example 9 - Vote9			–			–	–	–			–	
Example 10 - Vote10			–			–	–	–			–	
Example 11 - Vote11			–			–	–	–			–	
Example 12 - Vote12			–			–	–	–			–	
Example 13 - Vote13			–			–	–	–			–	
Example 14 - Vote14			–			–	–	–			–	
Example 15 - Vote15			–			–	–	–			–	
<b>Total Expenditure by Vote</b>	<b>239 416</b>	<b>2 545</b>	<b>241 961</b>	<b>230 513</b>	<b>(11 448)</b>	<b>(11 448)</b>	<b>95.3%</b>	<b>96.3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>238 757</b>
<b>Surplus/(Deficit) for the year</b>	<b>(9 538)</b>	<b>(3 643)</b>	<b>(13 181)</b>	<b>(4 385)</b>		<b>8 796</b>	<b>33.3%</b>	<b>46.0%</b>				<b>(21 644)</b>

NOTE 56.4

EC102 Blue Crane Route - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	12 254	–	12 254	12 099		(155)	98.7%	98.7%				11 153
Property rates - penalties & collection charges		–	–			–	–	–				
Service charges - electricity revenue	98 069	(582)	97 487	93 996		(3 491)	96.4%	95.8%				98 893
Service charges - water revenue	12 312	(59)	12 253	10 572		(1 680)	36.6%	36.4%				13 606
Service charges - sanitation revenue	4 560	(25)	4 535	4 481		(54)	123.3%	122.6%				4 134
Service charges - refuse revenue	5 768	(118)	5 650	5 589		(61)	–	–				5 068
Service charges - other	–	–	–	–		–	–	–				259
Rental of facilities and equipment	244	289	533	468		(65)	87.9%	192.3%				47
Interest earned - external investments	1 001	–	1 001	1 140		140	113.9%	113.9%				1 281
Interest earned - outstanding debtors	3 276	629	3 905	3 883		(22)	99.4%	118.5%				3 848
Dividends received	–	–	–	–		–	–	–				–
Fines	90	(9)	81	55		(26)	68.5%	61.6%				72
Licences and permits	750	(150)	600	566		(34)	94.3%	75.5%				832
Agency services	890	(290)	600	1 054		454	175.6%	118.4%				885
Transfers recognised - operational	53 501	(624)	52 876	52 368		(508)	99.0%	97.9%				51 095
Other revenue	5 684	(3 380)	2 304	8 305		6 000	360.4%	146.1%				3 790
Gains on disposal of PPE	170	30	200	–		(200)	–	–				65
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>198 568</b>	<b>(4 289)</b>	<b>194 279</b>	<b>194 577</b>		<b>298</b>	<b>100.2%</b>	<b>98.0%</b>				<b>195 028</b>
<b>Expenditure By Type</b>												
Employee related costs	78 417	(3 368)	75 049	76 111	1 061	1 061	101.4%	97.1%			–	73 457
Remuneration of councillors	3 714	146	3 859	3 870	11	11	100.3%	104.2%			–	3 820
Debt impairment	7 965	–	7 965	8 991	1 026	1 026	112.9%	112.9%			–	13 413
Depreciation & asset impairment	34 449	3 084	37 533	36 297	(1 236)	(1 236)	96.7%	105.4%			–	36 326
Finance charges	5 708	(1 898)	3 811	1 334	(2 477)	(2 477)	35.0%	23.4%			–	6 157
Bulk purchases	76 634	500	77 134	71 873	(5 261)	(5 261)	93.2%	93.8%			–	74 857
Other materials	3 709	(489)	3 220	2 535	(684)	(684)	78.7%	68.4%			–	–
Contracted services	4 983	2 733	7 716	6 533	(1 182)	(1 182)	84.7%	131.1%			–	–
Transfers and grants	1 033	605	1 638	1 010	(628)	(628)	61.7%	97.8%			–	911
Other expenditure	22 804	1 232	24 036	21 958	(2 078)	(2 078)	91.4%	96.3%			–	29 844
Loss on disposal of PPE	–	–	–	–	–	–	–	–			–	–
<b>Total Expenditure</b>	<b>239 416</b>	<b>2 545</b>	<b>241 961</b>	<b>230 513</b>	<b>(11 448)</b>	<b>(11 448)</b>	<b>95.3%</b>	<b>96.3%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>238 784</b>
<b>Surplus/(Deficit)</b>	<b>(40 848)</b>	<b>(6 834)</b>	<b>(47 682)</b>	<b>(35 936)</b>		<b>11 746</b>	<b>75.4%</b>	<b>88.0%</b>				<b>(43 757)</b>
Transfers recognised - capital	31 310	3 192	34 501	31 551		(2 950)	91.4%	100.8%				21 827
Contributions recognised - capital	–	–	–	–		–	–	–				–
Contributed assets	–	–	–	–		–	–	–				286
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(9 538)</b>	<b>(3 643)</b>	<b>(13 181)</b>	<b>(4 385)</b>		<b>8 796</b>	<b>33.3%</b>	<b>46.0%</b>				<b>(21 644)</b>
Taxation	–	–	–	–		–	–	–				–
<b>Surplus/(Deficit) after taxation</b>	<b>(9 538)</b>	<b>(3 643)</b>	<b>(13 181)</b>	<b>(4 385)</b>		<b>8 796</b>	<b>33.3%</b>	<b>46.0%</b>				<b>(21 644)</b>
Attributable to minorities	–	–	–	–		–	–	–				–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(9 538)</b>	<b>(3 643)</b>	<b>(13 181)</b>	<b>(4 385)</b>		<b>8 796</b>	<b>33.3%</b>	<b>46.0%</b>				<b>(21 644)</b>
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–				–
<b>Surplus/(Deficit) for the year</b>	<b>(9 538)</b>	<b>(3 643)</b>	<b>(13 181)</b>	<b>(4 385)</b>		<b>8 796</b>	<b>33.3%</b>	<b>46.0%</b>				<b>(21 644)</b>

NOTE 56.5

EC102 Blue Crane Route - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description  R thousand	2017/18								2016/17			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital single-year expenditure												
Total Capital Expenditure - Vote												
<b>Capital Expenditure - Standard</b>												
<i>Governance and administration</i>	1 720	(213)	1 507	1 419	(89)	(89)	94%	82%	-	-	-	785
Executive and council	130	72	202	126	(77)	(77)	62%	97%	-	-	-	511
Finance and Administration	1 590	(285)	1 305	1 293	(12)	(12)	99%	81%	-	-	-	12
Corporate services	-	-	-	-	-	-	-	-	-	-	-	262
<i>Community and public safety</i>	7 539	(2 967)	4 572	1 394	(3 178)	(3 178)	30%	18%	-	-	-	4 373
Community and social services	5 103	(4 320)	783	159	(624)	(624)	20%	3%	-	-	-	31
Sport and recreation	2 000	500	2 500	623	(1 877)	(1 877)	25%	-	-	-	-	4 315
Public safety	436	853	1 289	612	(678)	(678)	47%	140%	-	-	-	27
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	6 771	1 460	8 231	9 792	1 561	1 561	119%	145%	-	-	-	348
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	6 771	1 460	8 231	9 792	1 561	1 561	119%	145%	-	-	-	57
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	291
<i>Trading services</i>	17 120	1 241	18 361	17 054	(1 307)	(1 307)	93%	100%	-	-	-	11 246
Energy Sources	90	2 828	2 918	1 859	(1 059)	(1 059)	64%	2066%	-	-	-	2 348
Water management	17 030	(16 867)	163	208	45	45	128%	1%	-	-	-	245
Waste water management	-	15 279	15 279	14 986	(293)	(293)	98%	-	-	-	-	8 654
Waste management	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	33 150	(479)	32 671	29 658	(3 013)	(3 013)	91%	89%	-	-	-	16 752
<b>Funded by:</b>												
National Government	30 771	(3 373)	27 399	26 411	-	(988)	96%	86%	-	-	-	15 149
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	539	1 853	2 392	1 419	-	(973)	-	-	-	-	-	286
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	31 310	(1 519)	29 791	27 830	-	(1 961)	93%	89%	-	-	-	15 435
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	1 500	(255)	1 245	1 240	-	(5)	100%	83%	-	-	-	-
Internally generated funds	340	1 296	1 636	588	-	(1 048)	36%	173%	-	-	-	1 317
Total Capital Funding	33 150	(479)	32 671	29 658	-	(3 013)	91%	89%	-	-	-	16 752

**NOTE 56.6**

**EC102 Blue Crane Route - Reconciliation of Table A7 Budgeted Cash Flows**

Description  R thousand	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	132 748	8 253	141 000	116 695	(24 305)	82.8%	87.9%	114 820
Government - operating	52 111	(1 231)	50 880	50 962	82	100.2%	97.8%	52 798
Government - capital	30 771	–	30 771	30 742	(29)	99.9%	99.9%	17 983
Interest	3 390	(2 420)	970	1 127	157	116.2%	33.2%	1 251
Dividends			–		–	–	–	
<b>Payments</b>								
Suppliers and employees	(186 765)	(16 765)	(203 530)	(170 704)	32 826	83.9%	91.4%	(171 609)
Finance charges	(1 508)	504	(1 005)	(1 057)	(53)	105.2%	70.1%	(1 700)
Transfers and Grants	(1 033)	333	(700)	(1 010)	(310)	144.3%		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>29 713</b>	<b>(11 327)</b>	<b>18 387</b>	<b>26 756</b>	<b>8 369</b>	<b>145.5%</b>	<b>90.0%</b>	<b>13 542</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	70	70	140	134	(6)	95.8%	191.7%	408
Decrease (Increase) in non-current debtors			–	3	3			3
Decrease (increase) other non-current receivables			–		–	–	–	
Decrease (increase) in non-current investments			–		–	–	–	
<b>Payments</b>								
Capital assets	(27 282)	(1 678)	(28 960)	(29 658)	(698)	102.4%	108.7%	(16 466)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(27 212)</b>	<b>(1 608)</b>	<b>(28 820)</b>	<b>(29 521)</b>	<b>(701)</b>	<b>102.4%</b>	<b>108.5%</b>	<b>(16 054)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans			–		–	–	–	
Borrowing long term/refinancing			–	1 460	1 460			
Increase (decrease) in consumer deposits	225	(2)	223	158	(65)	70.8%		(42)
<b>Payments</b>								
Repayment of borrowing	(3 510)	(601)	(4 111)	(4 559)	(448)	110.9%	129.9%	(4 630)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 285)</b>	<b>(603)</b>	<b>(3 888)</b>	<b>(2 941)</b>	<b>947</b>	<b>75.6%</b>	<b>89.5%</b>	<b>(4 672)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(784)</b>	<b>(13 538)</b>	<b>(14 322)</b>	<b>(5 706)</b>				<b>(7 184)</b>
Cash/cash equivalents at the year begin:	1 000	5 929	6 929	6 929				14 113
Cash/cash equivalents at the year end:	216	(8 584)	(7 393)	1 223	8 615	-16.5%	566.0%	6 929

**ANNEXURE A - DEVIATION REGISTER: PER MONTH - JULY 2017 TO JUNE 2018**

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
<b>JULY 2017</b>							
17/07/2017	POWER TRANSFORMERS	REPAIR OF AUTO RECLOSER PLUS TRANSPORT TO SOMERSET EAST	THE KYLE RECLOSER WAS REFURBISHED BY TRANSFORMERS IN FEBRUARY 2014 AND IT WAS KEPT AS A SPARE SINCE THEN. A RECLOSER ON THE ZUURBERG LINE DEVELOPED A FAULT AND THE SPARE WAS INSTALLED. IT STARTED TO STRIP ALMOST EVERY FOUR HOURS BUT NO FAULT ON THE LINE IDENTIFIED. THE RECLOSER CONTROLLER WAS SENT TO POWER TRANSFORMERS FOR REPAIRS AND THE REASON IS THAT IT WAS REFURBISHED BY POWER TRANSFORMERS AND THEY HAVE THE EXPERTISE.	s36(1)(a)(v)	AO	R 7 182.00	48863
07/07/2017	SONDLO AND KNOPP	T11/2017 AND T12/2017 SUPPLY AND DELIVERY OF MATERIAL FOR PAVING OF GRAVEL ROADS, FWQ09/2017-SUPPLY AND DELIVERY OF 4 CONCRETE MIXERS	THE OTHER ADVERTISING AGENCIES ARE NO LONGER INTERESTED IN QUOTING HENCE THE TWO QUOTATIONS	s36(1)(a)(v)	AO	R 3 924.00	48815
21/07/2017	THE HERALD	T13/2017 SUPPLY AND DELIVERY OF REFUSE BAGS	WE ARE ADVERTISING ON THE HERALD SINCE IT CAN BE REACHED BY EVERYONE.	s36(1)(a)(v)	AO	R 6 337.26	48840
<b>AUGUST 2017</b>							
17/08/2017	BG SECURITY	TELEPHONE SERVICES WATER DEP.	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING CALLS RELATED TO WATER PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	49003
21/08/2017	GOVERNMENT PRINTING WORKS	PROMULGATION OF RATES POLICY AND BY LAW	THE PROMULGATION OF RATES AND BY LAW MUST BE DONE IN PROVINCIAL GAZETTE	s36(1)(a)(v)	AAO	R 40 000.00	49023
<b>SEPTEMBER 2017</b>							
04/09/2017	BABCOCK EQUIPMENT	REPAIR VOLVO HYDRAULIC	HYDRAULIC PUMP TO BE REPAIRED AND OVERHAULED BY AGENTS WHICH IS BABCOCK IN PE	s36(1)(a)(v)	AO	R 24 255.67	49107
08/09/2017	HIGH VOLTAGE TECHNOLOGY	REPAIR OF OYT	HV TECHNOLOGY IS THE ONLY COMPANY IN BCMR DATABASE THAT HAS THE EXPERTISE AND KNOWLEDGE OF REPAIRING THE VERY OLD OYT'S. THERE ARE FEW PEOPLE IN SOUTH AFRICA WHO CAN REPAIR THESE OYT'S BUILT IN THE SIXTIES.	s36(1)(a)(v)	AO	R 22 083.17	49156
08/09/2017	BG SECURITY	TELKOM LABOUR	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING CALLS RELATED TO ELECTRICITY PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	49153

22/09/2017	A&D POWER	SUPPLY AND INSTALL JOINTS AT MAIN SUBST. AND COLLA	ON 2/08/2017 THERE WAS A CABLE FAULT BETWEEN HILL SUBSTATION AND SOMERSET EAST MAIN SUBSTATION AFFECTIG A LARGE RESIDENTIAL AREA AS WELL AS THE CENTRAL BUSINESS AREA .BCRM CALLED A&D POWER TO ASSIST WITH THE EMERGENCY.	s36(1)(a)(v)	AO	R 36 126.60	49237
22/09/2017	A&D POWER	SUPPLY AND INSTALL JOINTS AT MAIN SUBST. AND KERKSTRAAT	ON 2/08/2017 THERE WAS A CABLE FAULT BETWEEN KERKSTRAAT AND COOKHOUSE MAIN SUBSTATION AFFECTIG A LARGE RESIDENTIAL AREA AS WELL AS THE CENTRAL BUSINESS AREA .BCRM CALLED A&D POWER TO ASSIST WITH THE EMERGENCY.	s36(1)(a)(v)	AO	R 20 178.00	49239
22/09/2017	A&D POWER	SUPPLY AND INSTALL JOINTS BETWEEN MAIN SUBSTATION AND HILL SUBSTATION	ON 2/08/2017 THERE WAS A CABLE FAULT BETWEEN KERKSTRAAT AND COOKHOUSE MAIN SUBSTATION AFFECTIG A LARGE RESIDENTIAL AREA AS WELL AS THE CENTRAL BUSINESS AREA .BCRM CALLED A&D POWER TO ASSIST WITH THE EMERGENCY.	s36(1)(a)(v)	AO	R 29 298.00	49238
26/09/2017	B G SECURITY	PHONE CALLS WATER DEPT.	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING CALLS RELATED TO WATER PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	49266
01/09/2017	B G SECURITY	GUARD DUTIES AND CIT SERVICES	BG SECURITY IS THE ONLY SERVICE PROVIDER LOCALLY THAT OFFERS THE CASH IN TRANSIT SERVICES.GUARD DUTIES AT CASHIER OFFICE IN TOWN HALL SOMERSET EAST.NO CONTRACT IN PLACE THE MUNICIPALITY IS IN PROCESS OF GOING OUT ON TENDER.	s36(1)(a)(v)	AO	R 9 680.72	49100
04/09/2017	SONDLO AND KNOPP	T15/2017 PROVISION OF SHORT TERM INSURANCE	WE WOULD LIKE TO ADVERTISE ON THE HERALD,SINCE HERALD CAN BE REACHED BY EVERYONE .OTHER ADVERTISING AGENCIES ARE NO LONGER INTERESTING QUOTING HENCE THE TWO QUOTATIONS.	s36(1)(a)(v)	AO	R 3 727.80	49111
07/09/2017	SONDLO AND KNOPP	FWQ10/2017-SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING	WE REQUESTED QUOTATIONS FROM SONDLO AND KNOPP AND HERALD NEWSPAPER,OTHER ADVERTISING AGENCIESARE NOT INTERESTED IN QUOTING HENCE THE TWO QUOTATIONS.	s36(1)(a)(v)	AO	R 3 355.02	49148
21/09/2017	TISO BLACK STAR GROUP PTY LTD	NOTICE 69/2017 IN SUNDAY TIMES	RECEIVED 2 QUOTES (SONDLO AND KNOPP AFDVERTISING AND TIMES MEDIA) THEY THEY THE ONLY TO QUOTE AND PPP POINTS NOT APPLICABLE	s36(1)(a)(v)	AAO	R 25 608.96	49233
27/09/2017	BYTES TECHNOLOGY GROUP	ON-SITE ASSISTANCE TMT37432	BYTES UNIRVESAL SYSTEMS IS THE SERVICE PROVIDER FOR THE FINANCIAL SYSTEM THAT THE MUNICIPALITY IS USING.TO GET THE SYSTEM OF THE MUNICIPALITY 100% MSCOA COMPLIANT THE SERVICE PROVIDER WILL HAVE TO ASSIST THE MUNICIPALITY ON-SITE.	s36(1)(a)(v)	AO	R 50 580.00	49274
06/09/2017	BG SECURITY	GUARD DUTIES-DEPOT	GUARD DUTIES AS PER ATTACHED MEMO AND WORK THAT HAD TO BE DONE ON EQUIPMENT INFRASTRUCTURE THAT IS ALREADY IN PLACE AND WERE PUT IN PLACE BY BG SECURITY	s36(1)(a)(v)	AO	R 58 874.99	49130

06/09/2017	POSTMASTER	STATEMENT NO36	SABC TV LICENCES IS THE ONLY SUPPLIER OF THE TV LICENCES SERVICES AND IT IS IMPRACTICAL TO OBTAIN OTHER QUOTES.THE LICENCE IS PAYABLE AT THE POST OFFICE BEFORE 31ST AUGUST 2017 IN ORDER TO AVOID PENALTIES AS PER COMMUNICATION AND TAX INVOICE ATTACHED.	s36(1)(a)(v)	AO	R 4 505.00	49129
26/09/2017	BLUE CRANE PRINTERS	PUBLICATION OF NOTICE	ADVERTS WERE PLACED IN THE LOCAL NEWSPAPER AS PER AGREEMENT BETWEEN MANAGEMENT AND UNION	s36(1)(a)(v)	AO	R 4 077.78	49258
05/09/2017	BLUE CRANE PRINTERS	NOTICE 60/2017 AND 61/2017	COULD NOT OBTAIN 3 QUOTES DUE TO THE FACT THAT THERE IS ONLY ONE SERVICE PROVIDER LOCAL AND WE WANT TO ADVERTISE ON A LOCAL NEWSPAPER	s36(1)(a)(v)	AO	R 3 435.39	49120
06/09/2017	ESCALATE PROJECTS	SECRETARIES DAY MASTER CLASS 2017	IMPRACTICAL TO FOLLOW SCM PROCESSES.THE MUNICIPALITY WILL REGULARISE LEGAL COSTS ONCE WE ADVERTISE AND APPOINT MUNICIPAL ATTORNEYS	s36(1)(a)(v)	AO	R 4 499.00	49140
15/09/2017	MANDY MILLER ATTORNEYS	FARM 87 ROODEWAL 7 PORTIONS	IMPRACTICAL TO FOLLOW SCM PROCESSES.THE MUNICIPALITY WILL REGULARISE LEGAL COSTS ONCE WE ADVERTISE AND APPOINT MUNICIPAL ATTORNEYS	s36(1)(a)(v)	AO	R 30 494.50	49201

## **OCTOBER 2017**

23/10/2017	J PHILLIPS PLANT REPAIRS	SUPPLY PARTS AND REPAIR LEFT FIND DRIVE OF CAT D6	THIS 1976 CAT DOZER IS OLD IT IS HARD TO FIND SPARES AND EXPERIENCE PEOPLE WITH THE EQUIPMENT TO FIND SPARES AND REPAIR THIS VEHICLE I CONTACT COMPANIES IN PE WHICH ALL SUGGEST MR J PHILLIPS WHO CAN SUPPLY AND REPAIR THIS BULLDOZER	s36(1)(a)(v)	AO	R 81 648.46	49460
03/10/2017	DE KLERK'S BODY REPAIRS	2015 ISUZU KB250 EXCESS ON CLAIM NUMBER 813056 HPS843EC	INSURANCE CLAIM WITH AON SOUTH AFRICA PTY LTD :813056 (ISUZU KB250 HPS843EC). INSURANCE CLAIM APPROVED BASED ON THE QUOTATION PROVIDED BY DE KLERK BODY REPAIRS. DE KLERK BODY REPAIRS IS THE ONLY AVAILABLE REGISTERED VEHICLE BODY REPAIRS SERVICES PROVIDER WITHIN BCRM.	s36(1)(a)(v)	AO	R 3 000.00	49330
03/10/2017	ASD INTERNATIONAL	RECOVERY AND STORAGE OF WHITE CHEV AVEO FROM CHARLES STREET SOMERSET EAST FRV799EC	SERVICES WHERE ONLY AVAILABLE FROM ASD INTERNATIONAL(MOTOR ACCIDENT-BCRM VEHICLE, FRV799EC ON 21 AUGUST 2017.PLEASE NOTE THAT THE DE KLERK BODY REPAIRS TOW-IN SERVICES WHERE UNAVAILABLE TO DUE REPAIRS TO ITS TOW-IN TRUCK ON 21/08/2017. INSURANCE CLAIM WITH AON SOUTH AFRICA PTY LTD :81254. THE COST FOR RECOVERY AND STORAGE OF FRV799EC AS PER QUOTATION(BCRM68) WAS SUBMITTED AS PART OF INSURANCE CLAIM.	s36(1)(a)(v)	AO	R 2 565.00	49331



05/10/2017	DE KLERK'S BODY REPAIRS	NISSAN UD UD 95 FRP836EC EXCESS ON CLAIM812694	INSURANCE CLAIM WITH AON SOUTH AFRICA PTY LTD 812694. INSURANCE CLAIM APPROVED BASED ON THE QUOTATION PROVIDED BY DE KLERK BODY REPAIRS. DE KLERK BODY REPAIRS IS THE ONLY AVAILABLE REGISTERED VEHICLE BODY REPAIRSSERVICES PROVIDER WITHIN BCM.	s36(1)(a)(v)	AO	R 3 000.00	49362
05/10/2017	SONDLO AND KNOPP	T17/2017-SUPPLY AND DELIVERY OF PAVING MATERIAL	HAD TO ADVERTISE ON THE HERALD AND DAILY DISPATCH. OTHER ADVERTISING AGENCIES ARE NO LONGER INTERESTED IN QUOTING HENCE THE TWO QUOTATIONS.	s36(1)(a)(v)	AO	R 5 601.96	49352
05/10/2017	TISO BLACK STAR GROUP PTY LTD	T17/2017-SUPPLY AND DELIVERY OF PAVING MATERIAL	HAD TO ADVERTISE ON THE HERALD AND DAILY DISPATCH. OTHER ADVERTISING AGENCIES ARE NO LONGER INTERESTED IN QUOTING HENCE THE TWO QUOTATIONS.	s36(1)(a)(v)	AO	R 6 337.00	49351
06/10/2017	BG SECURITY	CIT SERVICES AND GUARD DUTIES	BG SECURITY IS THE ONLY SERVICE PROVIDER LOCALLY THAT OFFERS THE CASH IN TRANSIT SERVICES. GUARD DUTIES AT CASHIER OFFICE IN TOWN HALL SOMERSET EAST. NO CONTRACT IN PLACE THE MUNICIPALITY IS IN PROCESS OF GOING OUT ON TENDER.	s36(1)(a)(v)	AO	R 14 718.92	49363
06/10/2017	BUCHNER HARDWARE	SHADING NET/CLOTH AT BILTONG FESTIVAL WEEKEND	THE SHADING NET/CLOTH WAS OBTAINED DURING THE BILTONG FESTIVAL WEEKEND 17 & 18 JUNE 2016 FROM THE SERVICE PROVIDER WITHOUT AN OFFICIAL ORDER AS AT THAT TIME NO ORDERS COULD BE PROCESSED DUE TO THE FINANCIAL YEAR END PROCESSES. THE THEN CFO, MR GOLIATH HAVE GIVEN PERMISSION TO MR NICO CLASSEN TO GO AHEAD AS THE ADDITIONAL NETTING NEEDED TO FINALISE GETTING READY THE BILTONG FESTIVAL STALL HOLDERS SPACES/AREAS AT THE GROUNDS FOR THAT WEEKEND.	s36(1)(a)(v)	AO	R 6 126.20	49372
11/10/2017	BILLY BOTHA ONDERNEMINGS	SERVICE OF TOYOTA YARIS FKK096EC	THE DIFFERENCE BETWEEN STATUS TOYOTA AND CRADOCK IS R218.60. IT WILL BE CHEAPER TO SERVICE THE VEHICLE AT STATUS TOYOTA SOMERSET EAST, IF THE PETROL IS CALCULATED TO CRADOCK AND THE MANHOURS OF THE PERSON WHO WILL BE TAKING THE VEHICLE TO CRADOCK.	s36(1)(a)(v)	AO	R 3 289.81	49387
23/10/2017	SONDLO AND KNOPP	T17/2017-SUPPLY AND DELIVERY OF PAVING MATERIAL	HAD TO ADVERTISE ON THE HERALD AND DAILY DISPATCH. OTHER ADVERTISING AGENCIES ARE NO LONGER INTERESTED IN QUOTING HENCE THE TWO QUOTATIONS.	s36(1)(a)(v)	AO	R 5 467.44	49458
02/10/2017	BG SECURITY	GUARD DUTIES-AIRFIELD ,OLD IEC OFFICES AND VARIOUS BUILDING	THE SECURITY TENDER TO BE ADVERTISED MUNICIPALITY IS IN PROCESS OF GOING OUT ON TENDER.	s36(1)(a)(v)	AO	R 61 227.33	49317

02/10/2017	SMITH TABATA INCORPORATED	LEGAL FEES FOR AUGUST 2017	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER SMITH TABATA ARE CURRENTLY HANDLING ALL ALL THE FOLLOWING ONGOING LEGAL MATTERS; AUTOM STAR/ LABUSCHAGNE, PINOLTA & CLAASSEN, SANTAM LTD, OPION-SUBPOENA	s36(1)(a)(v)	AO	R 6 442.31	49316
05/10/2017	SALGBC	PAYMENT IRO SETTLEMENT AGREEMENT & MEMO ATTACHED IN RE ARBITRATION MATTER SALGBC /BCRM	THE ARBITRATION WAS HELD BECAUSE OF A FAILURE BY THE BCMR TO COMPLY WITH SECTION C, CLAUSE 13.4 OF THE SALGBC MAIN COLLECTIVE AGREEMENT, BY FAILING TO ENTERTAIN STEP 3 GRIEVANCES OF VARIOUS IMATU MEMBERS.	s36(1)(a)(v)	AO	R 12 045.18	
06/10/2017	VJ FOLOLO	TRANSPORT 30 PEOPLE FROM SOMERSET EAST TO KIRKWOOD AND BACK	INFORMED ON THE EVE OF THE EVENT THAT SAFA-SARAH BAARTMAN WAS NOT GOING TO HONOUR THE PAYMENT FOR TRANSPORT.	s36(1)(a)(v)	AO	R 5 400.00	49368
17/10/2017	SMITH TABATA INCORPORATED	LEGAL FEES IN RESPECT OF INVOICE 258650-258654	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER SMITH TABATA ARE CURRENTLY HANDLING ALL ALL THE FOLLOWING ONGOING LEGAL MATTERS: AUTOM STAR/ LABUSCHAGNE, PINOLTA & CLAASSEN, SANTAM LTD, OPION-SUBPOENA, RM BROWN	s36(1)(a)(v)	AO	R 16 598.04	49443
31/10/2017	MAGNETIC STORM	MEGAPHONE 30W SHOULDER /HAND HELD CB TYPE MIC /SIREN	THE SERVICE PROVIDERS WERE REQUESTED TO REGISTER ON THE MUNICIPAL DATABASE, ONLY MAGNETIC STORM STORM COMPLIED WITH THAT REQUEST. THE MUNICIPALITY IS IN URGENT NEED FOR LOUDHAILERS SINCE THIS AFFECT THE SERVICE DELIVERY INITIATIVE .EG INVITATIONS TO WARD MEETINGS AND MASS PARTICIPATION PROGRAMMES. PRESENTLY/CURRENTLY WE ARE RELYING ON CLLR XAKAXA'S LOUDHAILER THEREFORE IT IS IMPORTANT THAT WE PURCHASE LOUDHAILER.	s36(1)(a)(v)	AO	R 2 917.70	49518
06/10/2017	PJA JORDAAN TRANSPORT	TRANSPORT PEOPLE OLDER PERSONS ACT OUTREACH	INFORM ON THE DAY OF THE EVENT DEPT OF JUSTICE CHANGE THEIR COMMITMENT WHILE OLDER PEOPLE WERE INFORMED	s36(1)(a)(v)	AO	R 2 100.00	49369

12/10/2017	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SAMRAS WEB SYSTEM LUYANDA AND MZWANDILE ADMINISTRATION	BYTES UNIVERSAL SYSTEMS IS THE SERVICE PROVIDER FOR FINANCIAL SYSTEM THAT THE MUNICIPALITY IS USING. THE IT OFFICIALS HAVE TO ATTEND THE NECESSARY ADMINISTRATIVE TRAINING, TO GET THE SYSTEM OF THE MUNICIPALITY 100% MSCOA COMPLIANT. THE TRAINING IS UNFORTUNATELY AT THE HEAD OFFICE OF BYTES UNIVERSAL SYSTEMS	s36(1)(a)(v)	AAO	R 8 580.00	49394
13/10/2017	CHM VUWANI COMPUTERS	HP 650 AND 450 G1 AND G2 S/N	THIS IS REPAIRS TO 3 LAPTOPS (HP) WHICH THE SERVICE PROVIDER HAD TO LOOK AT AND QUOTE. THEY WERE DROPPED AT THE SERVICE PROVIDERS. AND ITS IMPRACTICAL TO TAKE TO ANOTHER SO THAT THEY HAVE A LOOK AT THEM TO ENABLE QUOTING -THEY HAVE TO BE REPAIRED BY AN HP CERTIFIED REPAIRER.	s36(1)(a)(v)	AAO	R 9 047.04	49413

### **NOVEMBER 2017**

01/11/2017	BG SECURITY	TELEPHONE REVICES-WATER DEPT	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING ALL CALL RELATED TO WATER DEPARTMENT PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	49531
01/11/2017	BG SECURITY	TELEPHONE REVICES-WATER DEPT	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING ALL CALL RELATED TO WATER DEPARTMENT PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	49532
01/11/2017	BG SECURITY	TELEPHONE REVICES-WATER DEPT	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING ALL CALL RELATED TO WATER DEPARTMENT PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	49533
01/11/2017	BG SECURITY	TELEPHONE REVICES-WATER DEPT	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING ALL CALL RELATED TO WATER DEPARTMENT PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	49538
14/11/2017	TURNER AND MORRIS	VW700.200 ELECTRO MAGNETIC CLUTCH	ELECTRO MAGNETIC CLUTCH FOR PLANT AVAILABLE FROM AGENTS ONLY WHICH IS TURNER AND MORRIS IN PORT ELIZABETH	s36(1)(a)(v)	AO	R 3 408.60	49585
15/11/2017	BG SECURITY	TELKOM LABOUR FOR AFTER HOURS SERVICE - ELECTRICITY	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING ALL CALL RELATED TO ELECTRICAL DEPARTMENT PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	49600
15/11/2017	BG SECURITY	TELKOM LABOUR FOR AFTER HOURS SERVICE - ELECTRICITY	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING ALL CALL RELATED TO ELECTRICAL DEPARTMENT PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	49601

15/11/2017	BG SECURITY	TELKOM LABOUR FOR AFTER HOURS SERVICE - ELECTRICITY	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING ALL CALL RELATED TO ELECTRICAL DEPARTMENT PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	49602
15/11/2017	BG SECURITY	TELKOM LABOUR FOR AFTER HOURS SERVICE - ELECTRICITY	THIS IS AN AFTER HOURS SERVICE WHERE BG IS HANDLING ALL CALL RELATED TO ELECTRICAL DEPARTMENT PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	49603
16/11/2017	POWER TRANSFORMER S	100KVA 22000/420V TRANSFORMER, OPEN BUSHING,POLE MOUNT, TRANSSPORT OF 2*100KVA TRANSFORMER TO SOMERSET EAST	TWO 100 KVA TRANSFORMERS WERE DAMAGED BY LIGHTNING AND BCMR CUSTOMERS SITTING WITHOUT POWER	s36(1)(a)(v)	AO	R 98 148.30	49637

## DECEMBER 2017

11/12/2017	BELL EQUIPMENT SALES SOUTH AFRICA	AT 339607 TIE ROD END	PART AVAILABLE FROM BELL WHICH IS IN PORT ELIZABETH	s36(1)(a)(v)	AAO	R 3 077.77	49810
05/12/2017	GUARDRISK ALLIED PRODUCTS & SERVICES (PTY) LTD	EXCESS LIABILITY	INSURANCE CLAIM WITH AON SOUTH AFRICA (PTY) LTD - GUARDRISK ALLIED PRODUCTS & SERVICES (PTY) LTD INSURANCE CLAIM NO 811672 / CLCLL119082	s36(1)(a)(v)	AO	R 10 000.00	49749
05/12/2017	GUARDRISK ALLIED PRODUCTS & SERVICES (PTY) LTD	EXCESS LIABILITY	INSURANCE CLAIM WITH AON SOUTH AFRICA (PTY) LTD - GUARDRISK ALLIED PRODUCTS & SERVICES (PTY) LTD INSURANCE CLAIM NO 805324 / CLCLL114186	s36(1)(a)(v)	AO	R 3 000.00	49750
05/12/2017	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS	THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM COMMENCEMENT OF THESE LEGAL MATTERS	s36(1)(a)(v)	AO	R 24 409.70	49758
05/12/2017	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS	THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM COMMENCEMENT OF THESE LEGAL MATTERS	s36(1)(a)(v)	AO	R 6 264.82	49759
12/12/2017	BG SECURITY	CIT SERVICES AND GUARD DUTIES	GUARD DUTIES AS PER ATTACHED MEMO (DATED 02/11/2017) AND WORK THAT HAD TO BE DONE ON EQUIPMENT/INFRASTRUCTURE THAT IS ALREADY IN PLACEAND WERE PUT IN PLACE BY BG SECURITY.	s36(1)(a)(v)	AAO	R 75 508.00	49825
12/12/2017	SMITH TABATA INCORPORATED	LEGAL FEES	THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM COMMENCEMENT OF THESE LEGAL MATTERS	s36(1)(a)(v)	AAO	R 90 353.80	49826

12/12/2017	BG SECURITY	CIT SERVICES AND GUARD DUTIES	GUARD DUTIES AS PER ATTACHED MEMO (DATED 10/10/2017) AND WORK THAT HAD TO BE DONE ON EQUIPMENT/INFRASTRUCTURE THAT IS ALREADY IN PLACE AND WERE PUT IN PLACE BY BG SECURITY.	s36(1)(a)(v)	AO	R 61 604.42	49827
13/12/2017	BLUE CRANE PRINTERS	PUBLICATION OF NOTICE NO 82/2017 VACANCY	HARTLAND NUUS IS THE ONLY SERVICE PROVIDER IN SOMERSET EAST / BLUE CRANE ROUTE	s36(1)(a)(v)	AAO	R 2 597.49	49839
14/12/2017	SONDLO AND KNOPP	PUBLICATION OF NOTICE NO 75/2017 VACANCIES THE HERALD	WE WANT TO ADVERTISE ON THE DAILY DESPATCH. WE REQUESTED QUOTES FROM THE HERALD, DAILY DISPATCH & SONDLO AND KNOPP AND THEY WERE THE CHEAPEST	s36(1)(a)(v)	AO	R 8 091.72	49848
14/12/2017	TISO BLACK STAR GROUP PTY LTD	PUBLICATION OF NOTICE NO 75/2017 VACANCIES DAILY DISPATCH	WE WANT TO ADVERTISE ON THE DAILY DESPATCH. WE REQUESTED QUOTES FROM THE HERALD, DAILY DISPATCH & SONDLO AND KNOPP AND THEY WERE THE CHEAPEST	s36(1)(a)(v)	AO	R 6 669.00	49849
19/12/2017	BG SECURITY	GUARD DUTIES AIRFIELD, DEPOT AND BESTERSHOEK	GUARD DUTIES AS PER ATTACHED MEMO (DATED 12/12/2017) AND WORK THAT HAD TO BE DONE ON EQUIPMENT/INFRASTRUCTURE THAT IS ALREADY IN PLACE AND WERE PUT IN PLACE BY BG SECURITY.	s36(1)(a)(v)	AO	R 61 853.88	49863
19/12/2017	SMITH TABATA INCORPORATED	LEGAL FEES	THERE IS NO CONTRACT IN PLACE FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 16 416.00	49862
08/12/2017	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SAMRAS-SYSTEM ADMINISTRATION COURSE FOR S HANABE AND C EVERSON	SAMRAS WEB BUDGETING TRAINING IS ONLY AVAILABLE FROM BYTES SYSTEM AND SAMRAS IS THE SYSTEM PROVIDER OF THE BCM (FINANCE DEPARTMENT)	s36(1)(a)(v)	AAO	R 11 460.00	49799

## JANUARY 2018

23/01/2018	CHRIS BAKER AND ASSOCIATES	LEGAL FEES	THERE IS NO CONTRACT IN PLACE FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 22 580.22	49985
23/01/2018	BG SECURITY	GUARD DUTIES AIRFIELD, DEPOT AND BESTERSHOEK	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM.	s36(1)(a)(v)	AO	R 70 169.79	49984
24/01/2018	BG SECURITY	SECURITY SERVICES AIRFIELD TERMINAL JAN 2018, VARIOUS BUILDINGS, AIRFIELD AND DEPOT	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM.	s36(1)(a)(v)	AO	R 73 177.22	49999

24/01/2018	CHRIS BAKER AND ASSOCIATES	LEGAL FEES	THERE IS NO CONTRACT IN PLACE FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 7 759.73	50000
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## **FEBRUARY 2018**

08/02/2018	SONDLO AND KNOPP	T03/2018 GENERAL VALUATION ROLL	WE WOULD LIKE TO ADVERTISE ON THE HERALD SINCE IT CAN BE REACHED BY EVERYONE.WE ONLY RECEIVED TWO QUOTATIONS OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING.	s36(1)(a)(v)	AO	R 3 064.32	50115
12/02/2018	BG SECURITY	CIT SERVICES AND GUARD DUTIES	BG SECURITY IS THE ONLY SERVICE PROVIDER LOCALLY THAT OFFERS CASH IN TRANSIT SERVICES.GUARD DUTIES AT CASHIER OFFICE IN TOWN HALL SOMERSET EAST.NO CONTRACT IN PLACE THE MUNICIPALITY IS IN PROCESS OF GOING OUT ON TENDER.	s36(1)(a)(v)	AO	R 24 842.34	50125
02/02/2018	TISO BLACK STAR GROUP PTY LTD	NOTICE 05/2018 DIRECTOR TECHNICAL SERVIC TO BE PLACED ON SUNDAY TIMES	THE HERALD ,THE DAILY DISPATCH,THE SUNDAY TIMES AND THE BUSINESS DAY ARE THE NEWSPAPERS THAT ARE LOCALLY DISTRIBUTED IN OUR AREA AND TISO BLACK STAR GROUP IS THE ONLY SERVICE PROVIDER PROVIDING THE MENTIONED NEWSPAPERS.	s36(1)(a)(v)		R 19 781.28	50083
02/02/2018	TISO BLACK STAR GROUP PTY LTD	NOTICE 05/2018 DIRECTOR TECHNICAL SERVIC TO BE PLACED ON SUNDAY TIMES	IT IS ONLY TISO BLACK STAR THAT QUOTED FOR US AND THIS POST IS VERY URGENT IT MUST BE ADVERTISED ON MONDAY.	s36(1)(a)(v)		R 8 037.00	50084
27/02/2018	FREMA CONSULTANTS	SECURITY SERVICES AT PEARSTON MUNICIPAL OFFICE	BECAUSE OF THE URGENCY RELATING TO SECURITY GUARDS IN COOKHOUSE .THE NEED AROSE TO EXTEND THE CONTRACXT OF FREMA TO GUARD THE TOWN HALL PRECINCT WHERE BREAKINS AND STEALING OF MUNICIPAL ASSETS TAKE PLACE.	s36(1)(a)(v)	AO	R 15 059.70	50256
09/02/2018	SONDLO AND KNOPP	NOTICE 08/2018 CALL PUBLIC COMMENTS	WE WOULD LIKE TO ADVERTISE ON THE HERALD SINCE HERALD CAN BE REACHED BY EVERYONE .WE REQUESTED QUOTATIONS FROM SONDLO AND KNOPP AND HERALD NEWSPAPER OTHER ADVERTISING ARE NOT INTERESTED IN QUOTING	s36(1)(a)(v)	AO	R 4 822.20	50119

## **MARCH 2018**

02/03/2018	POWER TRANSFORMER S	50KVA 11000/400V, TRANSFORMER, 50KVA 22000/400V TRANSFORMER	TWO 50KVAT TRANSFORMERS WERE DAMAGED BY LIGHTNING ON 20/02/2018 AND A BCMR CUSTOMER SITTING WITHOUT POWER.	s36(1)(a)(v)	AAO	R 65 037.00	50288
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28/03/2018	CHRIS BAKER AND ASSOCIATES	LEGAL FEES	THERE IS NO CONTRACT IN PLACE FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 6 800.56	42745
23/03/2018	BG SECURITY	GUARD DUTIES AIRFIELD,DEPOT AND BESTERSHOEK	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM.	s36(1)(a)(v)	AO	R 68 577.48	50464
28/03/2018	BG SECURITY	SECURITY SERVICES AIRFIELD TERMINAL JAN 2018,VARIOUS BUILDINGS,AIRFIELD AND DEPOT	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM.	s36(1)(a)(v)	AO	R 64 662.35	50469
28/03/2018	SMITH TABATA INCORPOATED	LEGAL FEES	THERE IS NO CONTRACT IN PLACE FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 3 358.45	50466
<b>APRIL 2018</b>							
25/04/2018	BG SECURITY	CASH IN TRANSIT AND GUARD SHIFT	BG SECURITY IS THE ONLY SERVICE PROVIDER FOR CASH IN TRANSIT SERVICES IN THE BLUE CRANE ROUTE MUNICIPALITY AREA.THE BCMR IS IN A PROCESS OF GOING ON TENDER FOR THE CIT SERVICES.	s36(1)(a)(v)	AO	R 12 906.54	50614
06/04/2018	TISO BLACK STAR GROUP PTY LTD	ADVERTISING OF LED MANAGER POST NOTICE12/2018	TISO BLACK STAR IS THE ONLYSUPPLIER THAT CAN PROVIDE US WITH THE QUOTATION IN OUR AREA.	s36(1)(a)(v)	AAO	R 19 781.28	50506
06/04/2018	SONDLO AND KNOPP	ADVERTISING OF LED MANAGER POST NOTICE12/2018	SONDLO AND KNOPP IS THE ONLY SUPPLIER THAT CAN GIVE US QUOTATION FOR THE HERALD DUE TO THE GEOGRAPHICAL AREA.	s36(1)(a)(v)	AAO	R 8 887.20	50503
11/04/2018	GIJIMA HOLDINGS PTY LTD	COMPETENCY ASSESSMENT 2 CANDIDATES	AS PER ATTACHED MEMO WORK DYNAMICS WAS USED FOR TECHNICAL SERVICES ,THEN GIJIMA MUST BE USED FOR NOW	s36(1)(a)(v)		R 14 574.00	50529
11/04/2018	BLUE CRANE PRINTERS	ADVERT OF THE LED MANAGER POST NOTICE 12/2018	HARTLAND IS THE ONLY NEWSPAPER IN THE BLUE CRANE AREA.THERE	s36(1)(a)(v)	AO	R 3 042.90	50527
13/04/2018	CHRIS BAKER AND ASSOCIATES	LEGAL FEES	THERE IS NO CONTRACT IN PLACE FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 28 922.80	50560

26/04/2018	SMITH TABATA INCORPORATED	LEGAL FEES	THERE IS NO CONTRACT IN PLACE FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.AUTUMN STAR-LABUSCHAGNE,PINOLTA & CLASSEN AND AUSTIN EVANS	s36(1)(a)(v)	AO	R 2 633.36	50623
30/04/2018	FREMA CONSULTANTS	SECURITY GUARD NIGHT AND DAY SHIFTS - PEARSTON	QUOTES WERE REQUESTED FROM VARIOUS SERVICE PROVIDERS,ONLY 2 QUOTES WERE RECEIVED.THERE ARE REGULAR BREAKAGES ON MUNICIPAL PROPERTIES AND SECURITY URGENTLY NEEDED TO GUARD PROPERTIES.	s36(1)(a)(v)	AO	R 36 691.65	50663
04/04/2018	BLUE CRANE PRINTERS	NOTICE 15/2018 IDP BUDGET PUBLIC CONSULTATION	THIS IS THE ONLY LOCAL SERVICE PROVIDER AND WHO IS REGISTERED ON OUR DATABASE	s36(1)(a)(v)	AO	R 2 254.00	50485
06/04/2018	CHM VUWANI COMPUTERS	HP CLJ CP3525N LABOUR,STRIP AND REPLACE ONLY PARTS	PRINTERS HAD TO BE SENT TO SUPPLIER FOR ASSESSMENT BEFORE THE SUPPLIER COULD SUPPLY US WITH A QUOTATION.IMPRACTICAL TO SEND TO MORE THAN ONE SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 4 404.50	50502
<b>MAY 2018</b>							
22/05/2018	WP MASHISHINI PTY LTD	REPAIRS TO 11KV CABLE MAIN INTAKE COOKHOUSE	ON 02/05/2018 COOKHOUSE WAS STRUCK BY HEAVY THUNDERSTORMS AND LIGHTNING THAT LEFT PARTS OF THE TOWN WITHOUT ELECTRICITY ON THURSDAY MORNING.A FAULT WAS DIAGNOSED AS A CABLE FAULT BETWEEN THE 11KV COOKHOUSE LINE AND COOKHOUSE SUBSTATION .MASHISHINI WAS AVAILABLE TO ASSIST IN LOCATING THE FAULT	s36(1)(a)(v)	AO	R 37 405.00	50804
28/05/2018	HIGH VOLTAGE TECHNOLOGY SA	LABOUR,REPAIR AND CONSUMABLES	HV TECHNOLOGY IS THE ONLY COMPANY IN BCMR DATABASE THAT HAS THE EXPERTISE AND KNOWLEDGE OF REPAIRING THE VERY OLD OYT'S .THERE ARE NO OTHER COMPANIES WE KNOW WHO DO THESE REPAIRS.	s36(1)(a)(v)	AO	R 13 042.17	50854
30/05/2018	ROYAL HOTEL	PLATTERS FOR 50 PAX,50 SOFT DRINKS	THE MUNICIPALITY ONLY BECAME AWARE OF THE FUNERAL OF THE DECEASED EMPLOYEES INVOLVED IN A CAR ACCIDENT ON WEEKEND.THE MUNICIPALITY HAD TO ORGANISE A MEMORIAL SERVICE FOR THE EMPLOYEE AND THERE WAS NO TIME TO REQUEST FOR QUOTATIONS.	s36(1)(a)(v)	AO	R 3 500.00	50870
22/05/2018	TURNER MORRIS PE	VV600 ELECTROMAGNETIC CLUTCH	PARTS ONLY FROM AGENTS ONLY WHICH IS TURNER MORRIS IN PE	s36(1)(a)(v)	AO	R 3 781.00	50791
24/05/2018	ASD INTERNATIONAL	PUMP FOR BOREHOLE PEARSTON DESCRIPTION	FUNDING IS EMERGENCY FUNDING FROM DISASTER MUNICIPAL DISASTER GRANT.TO PROVIDE EMERGENCY RELIEF FOR PEARSTON.	s36(1)(a)(v)	AO	R 138 648.00	50823



09/05/2018	DE KLERKS BODY REPAIRS	EXCESS ON CLAIM NUMBER 815748	INSURANCE CLAIM WITH AON SOUTH AFRICA PTY LTD.INSURANCE CLAIM APPROVED BASED ON THE QUOTATION PROVIDED BY DE KLERK BODY REPAIRS.DE KLRK BODY REPAIRS IS THE ONLY AVAILABLE REGISTERED VEHICLE BODY REPAIRS SERVICES PROVIDER WITHIN BCRM.	s36(1)(a)(v)	AO	R 10 000.00	50685
10/05/2018	DE KLERKS BODY REPAIRS	EXCESS ON CLAIM NUMBER 817037	INSURANCE CLAIM WITH AON SOUTH AFRICA PTY LTD.INSURANCE CLAIM APPROVED BASED ON THE QUOTATION PROVIDED BY DE KLERK BODY REPAIRS.DE KLRK BODY REPAIRS IS THE ONLY AVAILABLE REGISTERED VEHICLE BODY REPAIRS SERVICES PROVIDER WITHIN BCRM.	s36(1)(a)(v)	AO	R 3 000.00	50690
10/05/2018	DE KLERKS BODY REPAIRS	EXCESS ON CLAIM NUMBER 818049	INSURANCE CLAIM WITH AON SOUTH AFRICA PTY LTD.INSURANCE CLAIM APPROVED BASED ON THE QUOTATION PROVIDED BY DE KLERK BODY REPAIRS.DE KLRK BODY REPAIRS IS THE ONLY AVAILABLE REGISTERED VEHICLE BODY REPAIRS SERVICES PROVIDER WITHIN BCRM.	s36(1)(a)(v)	AO	R 3 000.00	50691
24/05/2018	SONDLO AND KNOPP ADVERTISING	T11/2018 SUPPLY AND DELIVERY OF BUILDING MATERIAL	WE WOULD LIKE TO ADVERTISE ON THE HERALD NEWSPAPER.QUOTES WERE REQUESTED FROM HERALD ,SONDLO &KNOPP AND AYANDA MBANGAIS NOT WILLING TO QUOTE FOR US .	s36(1)(a)(v)	AO	R 3 091.20	50822
10/05/2018	TISO BLACK STAR GROUP PTY LTD	UPGRADING OF COOKHOUSE WATER WASTE TREATMENT WORKS	WE REQUESTED QUOTATIONS FROM SONDLO AND KNOPP,HERALD,DAILY DISPATCH AYANDA MBANGA,AYANDA MBANGA WAS NOT WILLING TO QUOTE FOR US	s36(1)(a)(v)	AO	R 3 904.25	50696
04/05/2018	FREMA CONSULTANTS	SECURITY GUARD NIGHT AND DAY SHIFTS - COOKHOUSE	QUOTES WERE REQUESTED FROM VARIOUS SERVICE PROVIDERS,ONLY 2 QUOTES WERE RECEIVED.THERE ARE REGULAR BREAKAGES ON MUNICIPAL PROPERTIES AND SECURITY URGENTLY NEEDED TO GUARD PROPERTIES.	s36(1)(a)(v)	AO	R 36 691.65	50664
04/05/2018	BG SECURITY	SECURITY GUARD NIGHT AND DAY SHIFTS	QUOTES WERE REQUESTED FROM VARIOUS SERVICE PROVIDERS,ONLY 2 QUOTES WERE RECEIVED.THERE ARE REGULAR BREAKAGES ON MUNICIPAL PROPERTIES AND SECURITY URGENTLY NEEDED TO GUARD PROPERTIES.	s36(1)(a)(v)	AO	R 15 060.70	50662
04/05/2018	CHRIS BAKER AND ASSOCIATES	LEGAL FEES	THERE IS NO CONTRACT IN PLACE FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENTOF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING THE FOLLOWING ONGOING LEGAL MATTERS	s36(1)(a)(v)	AO	R 23 997.78	
08/05/2018	BLUE CRANE PRINTERS	ADVERTISE NOTICE 19/2018 SENIOR MECHANICAL DIESEL	HARTLAND IS THE ONLY NEWSPAPER IN THE BLUE CRANE AREA.THERE	s36(1)(a)(v)	AO	R 2 451.22	50669

31/05/2018	ABRAHAMSON & REYNOLDS	LEGAL COSTS IRO REGULATION 68(1) APPLICATION FOR THE ISSUE	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.ABRAHAMSON & REYNOLDS ATTORNEYS ARE CURRENTLY HANDLING VARIOUS TRANSFERS OF MUNICIPAL PROPERTIES MATTERS.	s36(1)(a)(v)	AO	R 2 148.00	50884
10/05/2018	SONDLO AND KNOPP ADVERTISING	ADVERT AUDIT COMMITTEE MEMBERS	WE REQUESTED QUOTATIONS FROM SONDLO AND KNOPP,HERALD,DAILY DISPATCH AYANDA MBANGA,AYANDA MBANGA WAS NOT WILLING TO QUOTE FOR US	s36(1)(a)(v)	AO	R 6 013.35	50703
<b>JUNE 2018</b>							
15/06/2018	ASD INTERNATIONAL	SUPPLY & INSTALL 24 HR TIMERS AT PUMP STATION IN PEARSTON	ASD INTERNATIONAL HAS BEEN APPOINTED FOR PEARSTON BOREHOLES WHICH IS THE EMERGENCY DROUGHT RELIEF. A NEED WAS THEN SEEN TO INSTALL TIMERS IN THE PUMPS FOR FUNCTIONING OF THE PUMPS.	s36(1)(a)(v)	AO	R 4 140.00	50970
15/06/2018	ENVIRONMENTAL TECHNOLOGY	HP WATER JET CLEANING TRAVELLING	DUE TO OVERFLOWING SEWERAGE THAT IS FLOODING WITHIN THE PEOPLE'S YARDS.ENVIROTECH WAS REQUESTED TO COME AND ASSIST IN UNBLOCKING THE PIPELINE BUT THE LINE COULD NOT BE FURNISHED AS THERE IS A LOT OF SILT AND ROCKS FOUND.ENVIROTECH NEEDS TO CONTINUE AND ENSURE THAT THE LINE IS CLEANED AND IS SAFE FOR THE COMMUNITY.	s36(1)(a)(v)	AO	R 9 558.80	50971
29/06/2018	ASD INTERNATIONAL	SUPPLY & INSTALL CONTROL SYSTEM FOR PEARSTON COURIER	THIS IS AN EMERGENCY DROUGHT RELIEF FOR PEARSTON BOREHOLES.PUMPS HAVE BEEN PURCHASED BUT WE NEED A CONTROL SYSTEM TO CHECK WATER LEVELS AND ALTERNATING THE PUMPS TO AVOID DRYING OF THE BOREHOLES.	s36(1)(a)(v)	AO	R 20 493.00	51010
28/06/2018	BLUE CRANE PRINTERS	PLACING OF NOTICE IN HAARTLANDNUUS	THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER SUPPLIER IN BCRM AREA.	s36(1)(a)(v)	AO	R 2 930.20	50994
29/06/2018	BG SECURITY	GUARD SERVICES AT COOKHOUSE 9-11 JUNE 2018	INTERIM APPOINTMENT OF BG SECURITY WAS OCCASIONED BY THE REFUSAL OF VSSC PROTECTION STAFF TO REPORT FOR DUTY,WHICH CALMINATED INTO A BURGLARY.THE MUNICIPAL MANAGER INSTRUCTED THAT BG SECURITY BE REQUESTED TO PROVIDE THE SERVICES AS ANA INTERIM MEASURE UNTIL STAFF/PAYMENT ISSUES PERTAINING TO VSSC PROTECTION WERE RESOLVED.	s36(1)(a)(v)	AO	R 2 667.25	51008
						<b>R 2 101 656.00</b>	